Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

United States General Accounting Office

GAO

Briefing Report to the Chairman,
Task Force on the Budget Process,
Committee on the Budget,
House of Representatives

86-3050

August 1986

BUDGET ISSUES

Immigration to the United States--Federal Budget Impacts 1984-1995

GAO/AFMD-86-53BR

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

GAO

United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-223169

August 28, 1986

The Honorable Butler Derrick
Chairman, Task Force on the
Budget Process
Committee on the Budget
House of Representatives

Dear Mr. Chairman:

In response to your letter of May 8, 1985, we have examined the potential impacts of immigration on the federal budget over the next 10 years. This effort was undertaken with dual objectives: obtaining the best possible estimate of budgetary impacts despite known data inadequacies and beginning the development of a methodology for dealing with long-term, crosscutting issues of budgetary significance, of which immigration is a prime example. On May 1, 1986, we presented a briefing to you and other task force members and staff on the results of our study. This report is a written version of that briefing. We have also included additional detail on the budgetary impact of immigration on state and local governments.

Our study established fiscal year 1984 as a baseline. We identified, and where necessary estimated, major federal immigrant-related outlays and revenues for that period. We then projected these data to yield 1990 and 1995 estimates under three different sets of assumptions (scenarios) as to the future social, economic, and political environment. These projections are not intended as forecasts but were developed to provide illustrative ranges. We also sought similar data for selected programs and localities in the five most impacted states, for illustrative purposes, but we made no projections at this level.

Although there are constraints and limitations to our analysis, it demonstrates that significant budgetary impacts of immigration exist at the federal level, in terms of both outlays and revenues. Dollar amounts can be assigned to such impacts only if major assumptions are made concerning immigrant participation in major social and income security programs. This is due to the uncertainties of population size and characteristics in 1984, as well as to the lack of direct information regarding immigrant-related outlays and revenues, data gaps which are even more apparent in the out year projections. We assumed, therefore, that these participation rates would be comparable, on the average, to those of U.S. citizens. We could not test this hypothesis, and expert opinion varies.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Using these assumptions, we found that for fiscal year 1984 in the programs we examined

--per capita federal outlays for immigrants were roughly comparable to those for average U.S. residents;

--per capita, immigrants contributed fewer revenues to the federal government than average U.S. residents; and

--total immigrant-related outlays differed only slightly from total immigrant-related revenues.

Under all three scenarios examined, these observations remain valid for 1990 and 1995, although uncertainty increases.

Regarding the broader methodological interests which it was designed to explore, this study of a crosscutting issue has both value and limitations. While specific total dollar amounts cannot be assigned on any supportable basis, minimum outlays and revenues can be identified, ranges can be estimated, and comparisons can be drawn based on explicit assumptions. Because both federal outlays and revenues are significantly affected by immigration and remain roughly in balance, the committee may wish to monitor the key conditions and trends to determine whether this balance is being maintained. Thus, we believe we have demonstrated the feasibility of this approach, but its usefulness will vary with the circumstances.

I would be pleased to discuss this information with you further at your convenience. As agreed with your office, we have not obtained agency comments on this report. We are sending copies of this report to interested parties, and copies will be made available to others upon request.

If you or your staff have any questions on this report, please call me at 275-9455.

Sincerely yours,

Kenneth W. Hunter
Assistant to the Director

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Contents

APPENDIXES

		Page
I	IMPACTS OF IMMIGRATION ON THE FEDERAL BUDGET	7
	Section 1. INTRODUCTION	8
	Objectives	10
	Background	12
	Approach	16
	Major Observations	20
	Section 2. FY 1984 BASELINE	22
	Baseline Population	24
	Outlays	26
	Revenues	34
	Comparisons	37
	Section 3. PROJECTIONS	38
	Formulation of Scenarios	40
	Immigrant-Related Outlays	48
	Immigrant-Related Revenues	49
	Comparison of Baseline Year With Future Years	50
	Balanced Budget and Emergency Deficit Control Act of 1985	51
	Section 4. IMPLICATIONS	52
	Budgetary Implications	54
	Methodological Implications	55
II	STATE AND LOCAL CASE STUDIES	56
	Introduction	57
	California	61
	Florida	65
	Illinois	69
	New York	72
	Texas	75
III	GLOSSARY	78

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

TABLES		Page
I.1	Eligibility of Immigrants for Program Benefits	28
I.2	Scenario A Budget Impacts	44
I.3	Scenario B Budget Impacts	46
I.4	Scenario C Budget Impacts	47
I.5	Comparative Outlays and Revenues	50
II.1	California Immigrant Population	61
II.2	California Immigrant-Related AFDC Costs by County	63
II.3	Florida Immigrant Population	65
II.4	Illinois Immigrant Population	69
II.5	New York Immigrant Population	72
II.6	New York State Revenue Sources	74
FIGURES		
I.1	Differing Definitions of Immigrant	14
I.2	Minimum Immigrant-Related FY 1984 Federal Outlays by Agency	29
I.3	Components of Gross Immigrant-Related FY 1984 Federal Outlays	31
I.4	Gross Immigrant-Related FY 1984 Federal Outlays by Budget Function	33
I.5	Potential Federal Immigrant-Related Outlays	48
I.6	Potential Federal Immigrant-Related Revenues	49
II.1	State Immigrant Population Relative to Total U.S.: 1980	58
II.2	California Minimum Immigrant-Related FY 1984 Outlays by Program	62
II.3	Florida Minimum Immigrant-Related FY 1984 Outlays by Program	66
II.4	Illinois Minimum Immigrant-Related FY 1984 Outlays by Program	70

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

FIGURES

		Page
II.5	New York Minimum Immigrant-Related FY 1984 Outlays by Program	73
II.6	Texas Minimum Immigrant-Related FY 1984 Outlays by Program	76

ABBREVIATIONS

AFDC	Aid to Families with Dependent Children
CBO	Congressional Budget Office
CHEP	Cuban-Haitian Entrant Program
ECA	Entrant Cash Assistance
EIEA	Emergency Immigrant Education Assistance
FICA	Federal Insurance Contributions Act taxes
FY	fiscal year
GAO	U.S. General Accounting Office
GR	General Relief
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
INS	Immigration and Naturalization Service
IRS	Internal Revenue Service
K-12	Kindergarten through 12th grade
Medi-Cal	California's Medicaid program
OASDI	Old Age, Survivors, and Disability Insurance
OASI	Old Age and Survivors Insurance
ORR	Office of Refugee Resettlement
OTA	Office of Technology Assessment
PRA	Permanent Resident Alien
PRUCOL	Permanent Resident Under Color Of Law
RAP	Refugee Assistance Program
RAP/CHEP	Refugee Assistance Program/Cuban-Haitian Entrant Program
RCA	Refugee Cash Assistance
RCA/ECA	Refugee Cash Assistance/Entrant Cash Assistance
RSI	Retirement and Survivors Insurance
SAVE	Systematic Alien Verification for Entitlements
SSI	Supplemental Security Income
WIC	Supplemental Food Program for Women, Infants, and Children
USDA	U.S. Department of Agriculture

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

IMPACTS OF IMMIGRATION ON THE FEDERAL BUDGET

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

SECTION 1

INTRODUCTION

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

- ***OBJECTIVES***
- ***BACKGROUND***
- ***APPROACH***
- ***MAJOR OBSERVATIONS***

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

OBJECTIVES

- **INVESTIGATE THE POTENTIAL IMPACTS OF IMMIGRATION ON THE FEDERAL BUDGET**
- **DOCUMENT THE METHODOLOGY EMPLOYED AND METHODOLOGICAL LESSONS LEARNED**

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

OBJECTIVES

Butler Derrick, Chairman of the Task Force on the Budget Process, House Committee on the Budget, asked us to

--investigate the potential impacts of immigration on the federal budget over the next 10 years, under various sets of assumptions as to the social, political, and economic environment. This would involve identifying programs affected, estimating current impact magnitude, and making projections over a 10-year period.

--document the methodology employed and lessons learned. This would constitute a first step toward developing a process for the continuing identification, monitoring, and evaluation of other emerging budget issues.

This request resulted from earlier work with the task force on emerging issues with potential budget impacts. Of particular interest have been those issues which may escape comprehensive review because they cut across agencies and committee jurisdictions. We selected immigration as a topic in consultation with the staff of the Budget Committee Task Force.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

BACKGROUND

- MAJOR IMMIGRATION CONCERNS
- DATA AVAILABILITY
- MAJOR IMPACTED AREAS

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

BACKGROUND

Major Immigration Concerns

Immigration is a very complex and sensitive issue. It is of particular concern at this time and has received considerable public attention in the context of pending immigration reform legislation. There is a widespread public perception of increased levels of immigration, especially "illegal" (undocumented) immigration, resulting in high levels of federal spending to provide services. The perception also exists that immigrants, especially the undocumented, accept low wages and take jobs away from U.S. citizens, resulting in a general loss of income to individuals and tax revenue to the government. Convincing evidence either to confirm or to refute these perceptions is lacking, largely because of inadequate data concerning population size, characteristics, location, employment, service use, etc.

For the purposes of our study, we define an immigrant as an individual who is not a U.S. citizen, who comes to the United States (or, once here, decides to remain) with the intention of making his or her home here permanently or at least indefinitely. Our definition includes refugees, those seeking asylum, permanent resident aliens, and undocumented immigrants. (See appendix III for a glossary of these and other terms.) It excludes foreign government officials and students, international representatives, temporary business and pleasure visitors, temporary workers, and U.S.-born children of immigrants.

In planning this study, we reviewed several different definitions of the term "immigrant" before settling on the one used here. There is no universally agreed-upon definition. Two which significantly influenced our data gathering were those of the Census Bureau and the Immigration and Naturalization Service. Their relationship to the definition given here is indicated in figure I.1. (See page 14.)

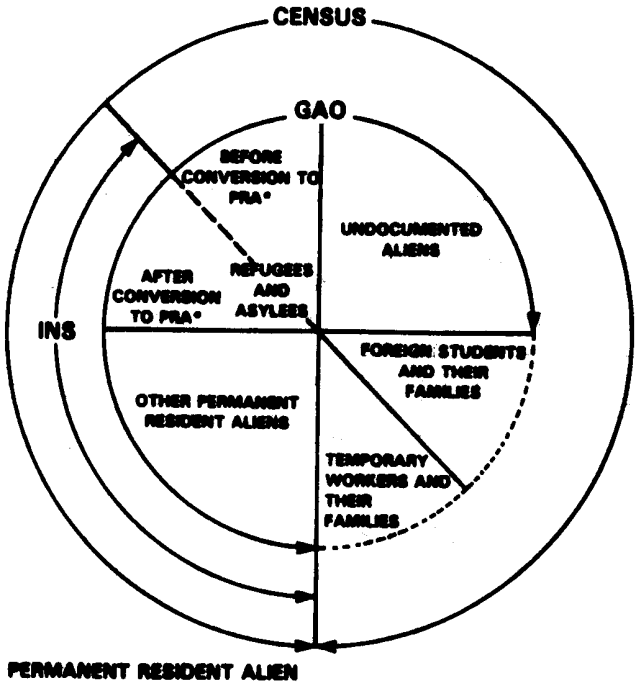
For our 1984 baseline, we used Census data on the documented immigrant population, adjusted for the differing definitions by deducting the estimated component consisting of foreign students and temporary workers and their families. The undocumented population estimate also used Census data, including a Census estimate of the 1980 undercount--that is, those undocumented who were not counted during the census but were believed to be in the United States on the basis of other evidence.

By this definition, there were, in 1980, an estimated 9.1 million immigrants in the United States: 5.6 million documented ("legal") and 3.5 million undocumented ("illegal"). The undocumented estimate is based on an assumed Census undercount of 1.5 million.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Figure I.1: Differing Definitions of Immigrant



Data Availability

For documented immigrants,[1] statistics on admissions and on conversion to permanent resident alien (PRA) status are relatively good. However, we found problems with the type of information needed to assess budgetary impact. For example, emigration is not well tracked, so the net addition to the immigrant population is ill-defined. In 1981, INS discontinued the alien registration program, which aimed at providing a current roster by location. As a result, the location of immigrants within the United States is relatively indeterminate in terms of state and locality.

It is even more difficult to estimate the number of undocumented immigrants. The National Research Council recently issued a report which discusses the data limitations in this area.[2] This difficulty is compounded by the fact that our

---

[1]The term "legal aliens" is frequently used interchangeably with "documented immigrants."

[2]Immigration Statistics: A Story of Neglect (Washington, D.C.: National Academy Press, 1985).

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

definition of "immigrant" focuses on those intending to remain in the country. For undocumented immigrants, it is not feasible to distinguish statistically the "settlers" who intend to remain here permanently from "sojourners" who intend to stay only a short time, and "commuters" who may never live in the United States, but rather cross the border illegally to work here on a regular basis.

Major Impacted Areas

Immigration affects many programs and activities. For example, outlays are incurred for border control, visa issuance, refugee resettlement, education, medical assistance, and entitlement programs. Government revenues, also, accrue from sources such as income taxes, sales and property taxes, and contributions to social insurance systems. Our study attempted to identify and estimate outlays and revenues in these categories.

Although immigrants are located throughout the United States, according to the 1980 Census count 70 percent are concentrated in five states: California, Florida, Illinois, New York, and Texas. These states account for 65 percent of all documented and 80 percent of undocumented immigrants. Consequently, we expanded our study to examine government outlays and revenues (federal, state, and local) within these five states. (See appendix II.)

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

APPROACH

- **1984 BASELINE**
- **PROJECTIONS FOR 1990 AND 1995 (Federal Level Only)**
- **LIMITATIONS OF STUDY**

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPROACH

1984 Baseline

We gathered fiscal year (FY)[3] 1984 data concerning immigrant-related outlays and revenues at both the federal and state level. At the federal level we contacted all major executive branch departments and selected agencies. At the state level, we sought information from state and local sources for selected programs in the five most heavily impacted states.

We identified the impacted federal programs by reviewing budget documents and specialized reports and publications, as well as by consulting with agency personnel and subject experts. In many instances, data relating specifically to immigrants and their use of selected programs were not available. In such cases we used surrogates. For example, the data sought were in terms of outlays. When outlays were not available, we substituted obligations or budget authority. When FY 1984 data were not yet available, we substituted the most recent comparable information we could obtain.

In many instances, it was necessary to use estimates rather than actual outlays and revenues. This was accomplished either independently or in conjunction with the individual agencies. The basis for such estimates varied and is discussed in subsequent sections.

Projections

In order to establish a context for our federal-level projections for 1990 and 1995, we asked individuals at the various agencies and in the research community to assist us in identifying driving factors for developing alternative scenarios. Their suggestions fell into broad categories such as legislative (e.g., immigration reform), economic (e.g., collapse of the Mexican economy), and political (e.g., an overseas disturbance leading to a large influx of refugees). From this information, we then developed three hypothetical future scenarios, for each of which we projected immigrant population as well as related revenues and outlays. We selected the assumptions concerning population growth from Census, Congressional Budget Office (CBO), and Office of Technology Assessment (OTA) sources. The assumptions dealing with economic and budgetary growth were variations on CBO's February 1986 projections. Based on the

---

3When used here without qualification, it represents the federal fiscal year, currently the 12-month period October 1 through September 30.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

projected high and low values across all scenarios, we then compared

--per capita fiscal impacts for immigrants and for all residents,

--immigrant-related outlays and revenues, and

--fiscal impacts in the baseline year and in future years.

Limitations

One of the main limitations of this study was the poor data availability and quality. However, this may be typical of all crosscutting issues and was one of the reasons immigration was selected for this project. Many of the program officials interviewed felt that their programs were highly affected by immigrants, but they were unable to track the associated costs and revenues. In many instances, no requirement to record citizenship status exists; even where such information is included in administrative records, it is not linked to budget data. Consequently, we were forced to rely heavily on estimates instead of actual data. Many of these estimates are based on unsupported assumptions.

The focus of this study was on the United States. However, we also considered overseas expenditures directly related to preparing refugees destined for resettlement in this country.

In planning this study, we decided to maintain a fiscal focus over a sample 12-month period. Consequently, we did not examine nonmonetary or indirect costs or benefits of immigration such as job displacement, wage rates, education as an "investment," expanding markets for goods and services, and humanitarian considerations.

Our study also focused on single-year outlays and revenues, whereas the fiscal effects of immigration arguably should be considered not just for a single year but in terms of the cumulative impact over the years the immigrant is in the United States. We narrowed the scope still further to include primarily direct benefit programs rather than benefits shared by all residents such as transportation, police and fire protection, recreational areas, etc.

Due to data inadequacies, it was not possible to capture all outlays and all revenues associated with immigrants nor to ensure that the same percentages of outlays and revenues were captured.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Any discrepancy between these percentages could increase over the 10-year period considered.[4]

Further, distinct differences exist among the states and among localities within the states, making generalization of findings inappropriate. Provisions and funding of programs vary considerably, and certain immigrant subgroups may have higher needs than others for a longer period of time. We made no projections of state and local impacts.

We made assumptions and estimates for illustrative purposes only. These are not intended to be forecasts. It should be emphasized that the focus here was on producing the best possible estimates of budget impact based on data known to be inadequate and on determining the problems and constraints on making such estimates.

---

[4]Primarily entitlement programs were included in estimating immigrant-related outlays. The significant projected increase in immigration over the next 10 years could result in a substantial growth in population-driven expenditures in such areas as national defense, natural resources and the environment, agriculture, commerce and housing credit, community and regional development, and general government, which were excluded from our assessment.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

MAJOR OBSERVATIONS

- 1984 BASELINE
- PROJECTIONS

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

MAJOR OBSERVATIONS

1984 Baseline

For FY 1984, based on the program categories examined in our review and on assumptions detailed below, federal gross outlays for immigrants were comparable, on a per capita basis, to those for all U.S. residents. However, per capita revenue from immigrants was lower than that from residents. Detailed information on the baseline population, outlays, and revenues is provided in section 2. (See pages 22-37.)

At the state and local levels, variations in the programs perceived as most impacted, availability of data, and the structure and funding sources in each state preclude making detailed comparisons. However, the results are illustrative of situations in individual states. An overview of the approach used and case studies discussing the results for each of the five states appear in appendix II.

Projections

Immigration is expected to continue at a relatively high rate throughout the next decade. Therefore, both outlays and revenues related to immigrants will increase over the 10-year period. Projecting the 1984 baseline values, under all the scenarios examined, gross outlays and revenues will increase proportionately through 1995. However, this is subject to many influencing factors and increasing uncertainty. A detailed discussion is provided in section 3. (See pages 38-51.)

The projected values represent projections from the 1984 baseline which reflect population growth, economic assumptions, and specific postulated external events. Given various researchers' findings concerning the significance of other factors, such as ethnographic and demographic characteristics, in determining social program participation, the uncertainty of these figures is likely to be considerably higher than for 1984.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

SECTION 2

FY 1984 BASELINE

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

- ***BASELINE POPULATION***
- ***OUTLAYS***
- ***REVENUES***
- ***COMPARISONS***

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

BASELINE POPULATION

IMMIGRANT POPULATION[a]	DOCUMENTED	UNDOCUMENTED	TOTAL
AS OF CENSUS DAY 1980	5.6 MIL.	3.5 MIL.[b]	9.1 MIL.
ESTIMATED 1984	8.2 MIL.	4.2 MIL.	12.4 MIL.

NOTE: IN 1984 THE TOTAL ESTIMATED IMMIGRANT POPULATION WAS 5.2% OF THE TOTAL U.S. POPULATION.

[a]BY OUR DEFINITION

[b]ASSUMING A CENSUS UNDERCOUNT OF 1.5 MILLION

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

BASELINE POPULATION

We developed our baseline year population estimates using Census data. Total 1984 immigrant population, by our definition, was 12.4 million, or 5.2 percent of the total U.S. resident population.

The figure of 3.5 million given for the 1980 undocumented population includes an estimated 2 million undocumented aliens counted in the Census and an additional 1.5 million representing Census' estimate of its 1980 undercount of this group. Estimates from other sources, categorized by Census as analytical, range from 2 to 4 million undocumented settlers in the United States in 1980, growing at 100,000 to 300,000 per year. Other estimates, categorized as speculative, tend to be much higher.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

OUTLAYS

- **PROGRAMS AFFECTED**
- **MINIMUM ESTIMATES**
  - **--Totals by Agency**
  - **--Methodology**
- **GROSS ESTIMATES**
  - **--Totals by Program**
  - **--Methodology**
  - **--Totals by Budget Function**

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

OUTLAYS

Programs Affected

The first step in attempting to determine immigrant-related outlays for our baseline year was to identify the program areas potentially impacted by immigrants. An initial list was developed based on examining the Budget of the United States, 1986, Appendix. We continually revised the list throughout the project as a result of interviews with informed individuals and reviews of documents found during a literature search.

We asked program and budget officers at pertinent agencies for actual immigrant-related dollars, for information regarding eligibility, participation rates, and data quality, and for suggested estimating techniques, additional data sources, and additional programs or program areas.

This enabled us to identify three distinct situations regarding immigrant-related funds:

--actual dollars could be ascribed to related outlays,

--the agency would provide estimates of dollars or assist us in estimating dollar amounts, and

--the agency could see no acceptable basis for estimating dollar amounts.

Outlays rarely were directly attributable to immigrants or immigration. Although some programs or activities were directly targeted to this group, most programs with major outlays were not of this type. For example, financial assistance programs frequently have no formal requirement to obtain information as to immigrant status, so it is not requested, not verified, or not aggregated. In addition, agency personnel, including those collecting information on individuals at the operational level, are very sensitive to civil rights/privacy issues.

We, therefore, had to rely on estimates of immigrant use of the various programs. This was difficult because of eligibility and participation issues. Eligibility varies greatly across programs, as shown in table I.1. (See page 28.) For example, refugees and undocumented immigrants, if they meet the program requirements, are entitled to Medicare A but not to Medicare B; permanent resident aliens are entitled to both. Food stamps are legally available to all qualifying documented immigrants, but not to those who are undocumented. Also, participation data for immigrants are sparse and of doubtful quality. Eligibility does not imply participation. Many of those eligible for a specific program--immigrants and nonimmigrants--do not participate for a variety of reasons. On the other hand, evidence exists that

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

undocumented immigrants participate in some programs despite lack of eligibility. Researchers have not reached consensus as to the extent of such fraudulent practices.

Table I.1: Eligibility of Immigrants for Program Benefits

Program	Permanent resident alien	Refugee	Illegal alien
National			
Social Security			
OASDI	yes	yes	yes
Card issuance	yes	yes	no
Pays FICA	yes	yes	yes
Supplemental Security Income	yes[a]	yes	no
Medicare A[b]	yes	yes	yes
Medicare B	yes[c]	no	no
Earned income tax credit	yes	yes	yes
Federal			
AFDC	yes[a]	yes	no
Refugee cash assistance	no[d]	yes	no
Food stamps	yes	yes	no
Medicaid	yes[e]	yes	no
Unemployment insurance	yes	yes	no
State			
Workers' compensation	yes	yes	yes[f]
General assistance	yes	yes	varies
Temporary disability insurance	yes	yes	yes[g]

[a]After 3 years.
[b]Corresponds to Medicare under OASDI.
[c]After 5 years.
[d]If also a refugee, then yes.
[e]For a newly arrived immigrant, Medicaid may be denied for lack of SSI or AFDC eligibility.
[f]Except in Vermont.
[g]Except in New Jersey.

Source: Adapted from David S. North and Jennifer R. Wagner, Immigration and Income Transfer Policies in the United States: An Analysis of a Non-Relationship (Washington, D.C.: New TransCentury Foundation, December 1982).

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

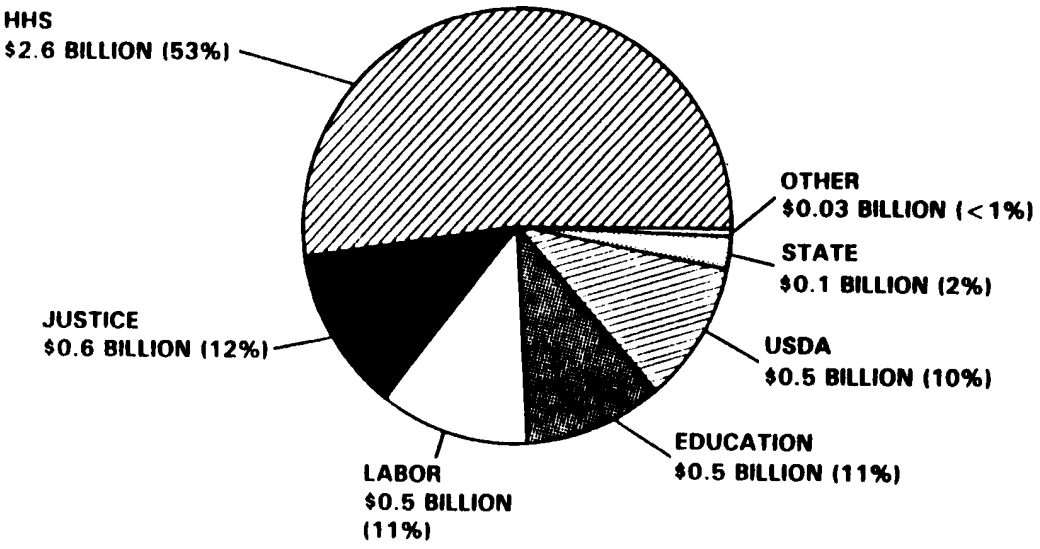
Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Minimum Estimates

Totals by Agency. We identified almost $5 billion in 1984 minimum outlays. The six agencies shown in figure I.2 accounted for 99 percent of the outlays, over half of the total being disbursed by the Department of Health and Human Services (HHS). Other agencies, with identifiable but comparatively insignificant immigrant-related outlays, constitute the "other" category. They are

ACTION,
Central Intelligence Agency,
Commerce Department,
Federal Emergency Management Agency,
Transportation Department, and
Treasury Department.

Figure I.2: Minimum Immigrant-Related FY 1984 Federal Outlays by Agency



Note: Discrepancies between dollars and percentages are due to rounding.

Methodology. We combined the first two categories of outlay data--actual amounts and agency-coordinated estimates--to yield "minimum" estimates of immigrant-related outlays in FY 1984. For this process

--We sought outlays but substituted obligations or budget authority where necessary.

--We sought federal fiscal year 1984 data but substituted comparable data if necessary (e.g., school year 1983-84, or most recent 12-month period).

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

--Where estimates had to be made, we employed the most conservative assumptions which appeared realistic.

Next, we compiled a list of identified programs and program areas, annotated to show which could be associated with at least partial estimates of immigrant-related FY 1984 outlays. It was apparent that too many major programs were excluded from the aggregate total. We could not make further estimates without using unsupported assumptions, but we felt that this was a necessary step since no reasonable planning or decisionmaking could be attempted using only the data developed thus far.

Gross Estimates

Totals by Program. Gross outlays, totaling $17.2 billion, consist of "minimum" ($4.9 billion) and "hypothesized" ($12.3 billion) outlays. (See figure I.3.) The first category consists primarily of actual or estimated outlays for the following programs:

--Medicaid, $1.4 billion,

--Unemployment Compensation, $.5 billion,

--Education (kindergarten through twelfth grade and Pell Grants), $.5 billion,

--Immigration and Naturalization Service, $.5 billion,

--Food Stamps, $.5 billion,

--Office of Refugee Resettlement, $.5 billion,

--Supplemental Security Income (SSI), $.4 billion,

--Aid to Families with Dependent Children, $.2 billion, and

--Retirement and Survivors Insurance (SSI recipients only), $.1 billion.

The "hypothesized" segment, $12.3 billion, of gross outlays represents estimates for five major programs, of which Old Age and Survivors Insurance (OASI), $8.3 billion, is by far the largest. Others include:

--Medicare A, $2.2 billion,

--Disability, $1 billion,

--Medicare B, $.5 billion, and

--Housing Assistance, $.4 billion.

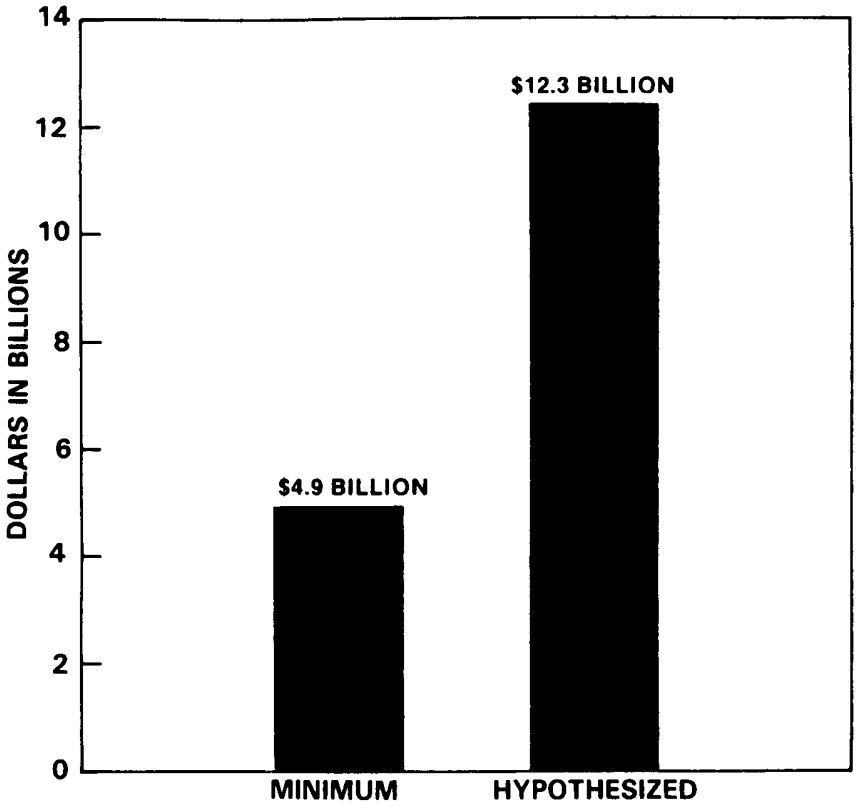
(Note: These do not add to total due to rounding.)

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

We did not include these programs in "minimum" outlays because we did not receive estimates from the respective agencies, nor did they assist in the development of estimates. However, these programs are large and have immigrant participation. Therefore, to provide more realistic estimates of total immigrant-related outlays, we prorated each program's costs based on our 1984 population estimates and explicit but unsupported assumptions as to participation rates.

Figure I.3: Components of Gross Immigrant-Related FY 1984 Federal Outlays



Methodology. We selected programs with major total outlays for FY 1984 from the list of programs impacted by immigration which were not included in the "minimum" estimate. For each program:

--We determined the total FY 1984 outlay.

--We reviewed eligibility criteria to determine what percentage of the 1984 immigrant population was potentially eligible (not ineligible by virtue of

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

--We reviewed eligibility criteria to determine what percentage of the 1984 immigrant population was potentially eligible (not ineligible by virtue of immigrant status). For example, Medicare A is available to all immigrants, Medicare B only to documented immigrants, except refugees, here more than 5 years.

--We assumed that eligibility criteria other than immigrant status (e.g., age, disability, dependents, income level) were met equally by immigrants and nonimmigrants.

--We assumed that participation rates among those eligible were the same for immigrants and nonimmigrants.

--We assumed levels and duration of benefits were the same, on the average, for immigrants and nonimmigrants.

--On the basis of these assumptions, we prorated the total program costs according to the ratio of potentially eligible immigrants to the total resident population.

We summed these separate program estimates to yield total "hypothesized" immigrant-related outlays for FY 1984. "Gross" outlays were defined as "minimum" plus "hypothesized" outlays.

Totals by Budget Function. Figure I.4 shows the approximately $17 billion in gross immigrant-related outlays grouped by budget function. We included all functions with identifiable immigrant-related outlays. The functions in which we identified the highest gross outlays are:

--Health,

--Medicare,

--Social security,[5] and

--Income security.

This last category includes:

--unemployment compensation,

--housing assistance,

--food and nutrition assistance,

--Supplemental Security Income, and

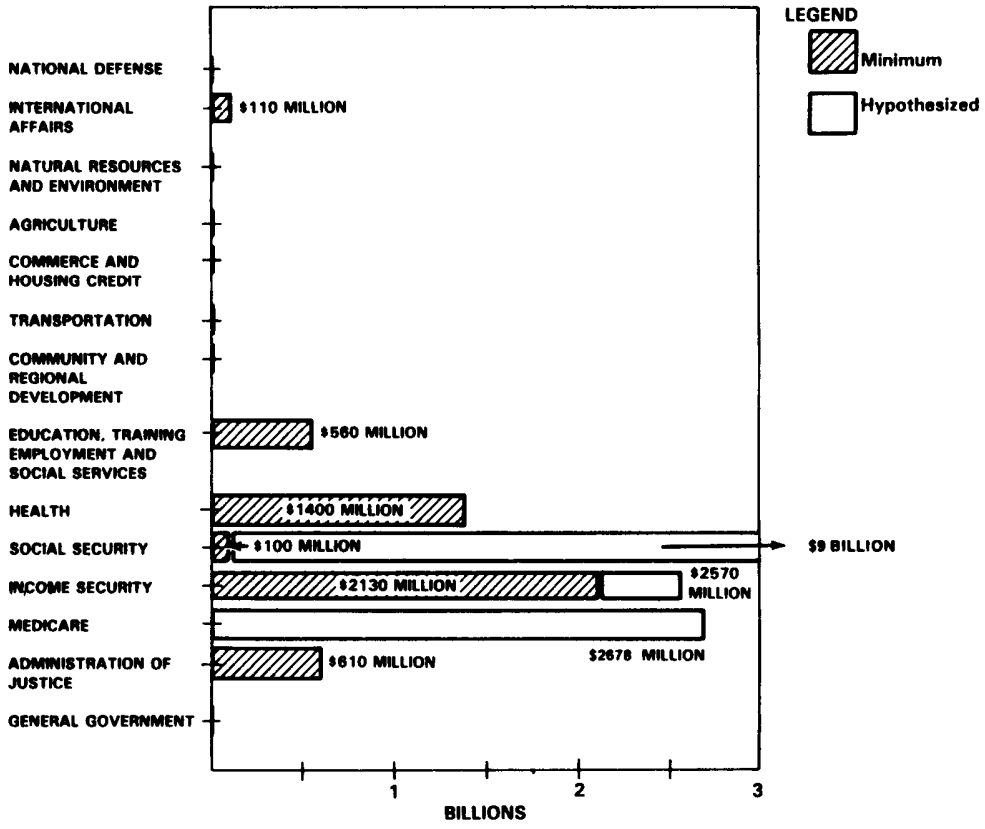
5We used the FY 1987 budget structure in splitting Social Security and Medicare.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Where programs overlapped budget functions, to the extent possible, we classified the outlays for a given program or activity in the function that defines that program or activity's most important purpose.

Figure I.4: Gross Immigrant-Related FY 1984 Federal Outlays by Budget Function



Note: Some outlays are too small to show drawn to scale.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

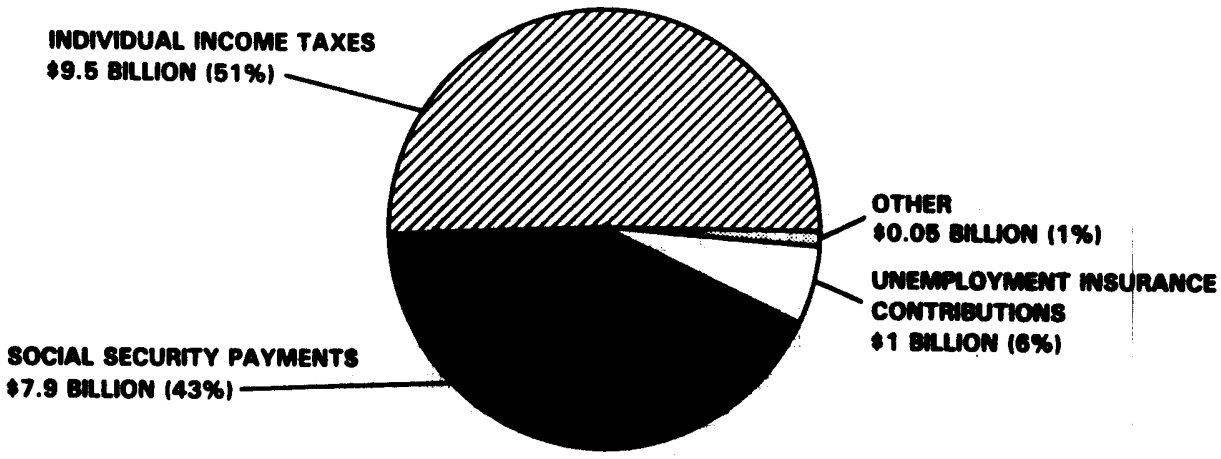
Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

REVENUES

SPECIFIC IMMIGRANT-RELATED FY 84 FEDERAL REVENUES BY CATEGORY

TOTAL: $18.6 BILLION



Note: These do not add to total due to rounding.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

REVENUES

We identified almost $19 billion in FY 1984 immigrant-related revenues. Over 90 percent was from individual income taxes and social security contributions.

Four sources of revenue were included in this computation:[6]

--individual income tax,

--social security taxes,

--unemployment contributions, and

--other.

The "other" category represents revenues generated from the following sources:

--Agricultural Quarantine Inspection program (passenger and traveler inspection),

--Customs' Inspection and Control program (passenger processing), and

--Immigration and Naturalization Service's applicant fees.

Our review did not consider offsetting revenue losses, if any, from citizens, since it did not address either (1) job displacement and wage depression, or (2) expansion of the economy. Both of these are potential consequences of immigration, and both affect revenues. However, experts have significantly divergent opinions on what net effect these considerations have on revenues.

Since actual revenues were not available, except from the Immigration and Naturalization Service (INS), we estimated the amounts for all other categories. For taxes and social security payments, we developed the estimates in consultation with the Internal Revenue Service (IRS) and the Social Security Administration, respectively. That is not to imply that the revenue estimates are well supported, but only that both agencies find our methodology acceptable and likely to yield "reasonable" results.

In developing income tax estimates, we had to use calendar year 1983 tax data from IRS, since these were the most recent available. We used our 1984 population estimates, together with 1980 Census data on income distribution and family size for the

---

6Other moneys received, such as HUD user fees and mortgage insurance premiums, were "offset" against outlays by the agencies involved rather than regarded as revenue.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

foreign-born. One major assumption was IRS' view that the tax-paying characteristics (compliance versus noncompliance) of noncitizens are the same as those of the general population. We have no basis for disagreeing. Also, we equated household and income tax return data. While more than one tax return may originate in the same household, this is the exception, and we have not allowed for this possibility.

We included undocumented immigrants in our tax estimates to the same extent that they were counted in the 1980 Census. IRS believes that tax avoidance by undocumented immigrants is not a major problem. Even though they may not be filing tax returns, IRS believes that most of their tax obligations are being met through withholding practices. Thus, IRS estimates a tax gap of about $100 million per year may have occurred since 1973, and, if anything, the gap has appeared to narrow.

We limited our estimates of payments to the unemployment trust fund to federal unemployment taxes. This estimate was for calendar year 1983. We did not adjust for credits taken against the tax by employers for amounts paid into state unemployment funds.

The methodology employed for both unemployment and social security taxes was essentially similar to that for income taxes.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

COMPARISONS

Comparison of Immigrants With Residents

For the program categories examined, immigrants, on the average, required gross outlays in FY 1984 comparable to those for all U.S. residents.[7] (Note that we have assumed comparable participation rates for the two groups for the major entitlement programs.) However, immigrants contributed fewer revenues than did the average U.S. resident in the selected categories.

According to the most recent Census Bureau report on government finances,[8] the average per capita outlay for all U.S. residents for selected social services[9] considered in this review was $1,220. The comparable FY 1984 figure derived here for immigrants was between $400 (minimum) and $1,400 (gross). The immigrant figures include outlays for activities such as refugee resettlement and border control. The average per capita revenue received from all U.S. residents from the selected sources[10] was $2,160. The comparable figure for immigrants was $1,500.

Comparison of Outlays With Revenues

Immigrant-related outlays[11] for FY 1984 ranged from $5 billion (minimum) to $17 billion (gross) and immigrant-related revenues were approximately $19 billion.[12] We consider these amounts to be roughly equal. However, the revenue sources were relatively easier to identify than were the outlay activities and, therefore, may represent a greater proportion of the total picture.

7The only data available for comparison are for all U.S. residents, including immigrants.

8U.S. Bureau of the Census, Governmental Finances in 1983-84, Series GF84, No. 5 (Washington, D.C.: Government Printing Office, 1985).

9Education, public welfare, hospitals, health, social insurance administration, Old Age, Survivors, and Disability Insurance (OASDI), and unemployment compensation.

10Individual income tax, social security payments, and unemployment contributions.

11Education, public welfare, hospitals, health, social insurance administration, OASDI, and unemployment compensation.

12Individual income tax, social security payments, and unemployment contributions.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

SECTION 3

PROJECTIONS

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

- ***FORMULATION OF SCENARIOS***
- ***IMMIGRANT-RELATED OUTLAYS***
- ***IMMIGRANT-RELATED REVENUES***
- ***COMPARISON OF BASELINE WITH FUTURE YEARS***
- ***BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985 (GRAMM-RUDMAN-HOLLINGS)***

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

FORMULATION OF SCENARIOS

Methodology

To form a basis for projecting the 1984 baseline values to 1990 and 1995, we developed three different scenarios, or sets of assumptions, to represent a spectrum of alternative futures. None of these were intended as a forecast of a "most likely" future. Rather, each was a distinct (internally consistent) combination of factors resulting in different economic conditions and budgetary constraints, different levels of immigrant population, and different events affecting immigrant status and eligibility for federal assistance.

Economy. The first factor to consider is the economy. It is meaningless for us to attempt alternative projections which fail to address inflation, unemployment, money supply, and the many other aspects of the economic and budget outlook. CBO's economic analysis is complex and comprehensive, and we used its projections for a base instead of attempting to make our own assumptions. CBO prepares such projections annually, for 5 years beyond the budget year. Scenario A directly uses the most recent version (February 1986) for outlays by budget function, revenues by category, and inflation rate, through 1991. Thereafter, we assumed that the inflation rate would remain constant at its projected 1991 value. For outlays and revenues, we assumed that growth from 1990 to 1995 is at the same rate as for the period 1985 to 1990.

Scenarios B and C incorporate variations of this baseline projection. Scenario B assumes the inflation rate increased by 10 percent, that the growth rate of outlays is increased by 10 percent, and that the growth rate of revenues is decreased by 10 percent from CBO's projections, as previously described. Scenario C assumes the inflation rate decreased by 10 percent, the growth rate of outlays decreased by 10 percent, and the growth rate of revenues increased by 10 percent from CBO's projections.

Based on these data, we calculated adjustment factors corresponding to changes in the economy. For each scenario, such factors were computed separately for each program addressed in the baseline estimate to reflect the anticipated growth in total funding (or total revenues) over the various time periods considered. For outlays, the adjustment factor from 1984 to 1990 is the ratio of total outlays for the budget function containing this program for those years. The underlying assumption here is that the growth rate of the immigrant-related portion of each program examined is that of the budget function in which the program is included if the immigrant population does not grow relative to other population segments. From 1990 to 1995, the ratio is that of total outlays for 1985 and 1990, the assumption being that the growth rate between 1990 and 1995 is the same as

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

that between 1985 and 1990. For revenues, similar formulas apply.

The impact of these changes on immigrant-related outlays and revenues is factored in before the effects of population growth and specific events are addressed.

Population. Variations in population reflect different assumptions as to the growth rate of both documented and undocumented components of the population, and the rate at which documented immigrants become U.S. citizens. We felt it to be both necessary and appropriate to incorporate different estimates of the 1984 undocumented population in these scenarios. It was necessary to allow for such variation because we made use of existing sources for the population projections which started from different bases. It was appropriate to do so because of the significant variation among estimates as to the present size of this population component.

In general, the parameters tracked within the population category included "stock and flow"[13] data for both documented and undocumented immigrants, and the naturalization rate of documented immigrants being granted citizenship. We selected different values of all variables for the different scenarios, with the exception of 1984 documented population (stock), which remained constant (at 8.2 million) across all three scenarios. Undocumented immigrant stock estimates varied with the year and level chosen as a base by the three sources used (GAO, CBO, OTA).

We applied the various growth rates to yield distinct population estimates (documented, undocumented, and total) for 1990 and 1995 for each scenario. We next used Census estimates of the total resident population to compute immigrant population as a percentage of resident population in 1984, 1990, and 1995. We then computed adjustment factors for population growth in terms of the change in relative size of the immigrant population over the period 1984 to 1990 and 1990 to 1995, respectively. The rationale here is that the immigrant-related share of the (previously calculated) total program funding (or revenues) is proportional to the size of the immigrant component of the total resident population.

Specific Events. We considered six specific events within the various scenarios. The technique for incorporating the impacts of these events into the scenario estimates differs according to what seems appropriate. For those events that affect population size for a specific category and/or total immigrants, the corresponding corrections are applied by adjusting the population accordingly. This applies to event 4

13The term "stock" is used by demographers to denote the total population at a given point in time; "flow" is the annual increase in population.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

(refugee influx), and also to events 1-3 (amnesty provisions of immigration reform and the Berger decision), which affect eligibility for specific programs.

In addition to these changes, there are appropriate incremental costs, such as for the immigrant status verification system, or decrements, such as for termination of the Refugee Resettlement Program. We used CBO cost estimates where available. Where estimates are given in 1984 (or other) dollars, the assumed inflation rates appropriate to the individual scenario are applied to convert to 1990 or 1995 dollars.

Event 1: Implementation of S.1200, Immigration Reform and Control Act of 1985: Key features of this legislation from the point of view of this study are its proposals for the control of illegal immigration, legalization of status for certain immigrants illegally in the United States since 1980, and their exclusion from federal financial benefits for a specified period. CBO assumes that 565,000 undocumented immigrants would receive amnesty under these provisions.

Event 2: Implementation of H.R.3810, Immigration Control and Legalization Amendments Act of 1985: From the point of view of this study, this is similar to S.1200 except that undocumented immigrants are eligible to apply for amnesty if they have been in the United States since 1982. CBO assumes that 1,355,000 undocumented immigrants would receive amnesty under these provisions.[14]

Event 3: Berger Decision: This decision of the U.S. Court of Appeals (Berger v. Heckler, August 1985) pertained to enforcement of a consent decree entered in 1978 which entitled certain aliens to supplemental security income benefits. The effect of the decision in favor of Berger was to expand the interpretation of the phrase "Permanently Residing in the U.S. Under Color Of Law" and, thus, to expand the alien population eligible for Supplemental Security Income (SSI) benefits. Similar expansion of coverage is implied also for Aid to Families with Dependent Children (AFDC) and Medicaid benefits. Scenario B assumes

---

14This estimate was made in 1985 and is subject to revision. An amended version, issued as this report was in process of publication, increased the number to 1,370,000 and estimated the total budget impacts of H.R.3810 to be $2.45 billion in 1990. This is not directly comparable with our findings since the bill contains additional provisions other than legalization. Also, CBO did not consider revenues, except in terms of application fees.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

this expansion of benefits for all three programs is in effect in 1990 and 1995; the other scenarios do not, reflecting the possibility of reversal on appeal.

Event 4: Refugee Influx: In view of the apparently cyclic nature of refugee flow into the United States, we decided to hypothesize the occurrence of some natural catastrophe or political upheaval overseas resulting in a federal government decision to allow a mass influx of refugees. For the sake of specificity, the number was set at 200,000 (compared to 140,000-180,000 for Cuban/Haitians) and the year at 1988. Thus, these individuals are assumed to be eligible for refugee assistance programs in the 1990 outlay estimate and to be "time-expired" and, therefore, ineligible for these programs in the 1995 estimate.

Event 5: Immigrant Status Verification System: As part of title III of S.1200, the Commissioner of Immigration and Naturalization is required to implement a system for the verification of immigrant status. CBO estimates that such a system cannot be available before 1991 and would cost at least $500 million a year. A similar system is mentioned in title I of H.R.3810. We assumed, for scenario B ("high cost") only, that such a system is implemented about 1992 and the annual cost is included in the 1995 outlay estimate.

Event 6: Termination of Refugee Resettlement Program: In order to reflect a potential change of policy on the part of the federal government, scenario C ("low cost") assumes the termination (about 1992) of the Refugee Resettlement Program. Currently, under this program, the Office of Refugee Resettlement (HHS) provides funds for state-administered programs of cash and medical assistance, social services, targeted assistance (training and special initiatives), incentive grants, and special projects for refugees.

Summaries of the three scenarios follow. Each briefly identifies the individual events included in its underlying assumptions. Also provided for each scenario are outlay estimates for immigrant-related programs (both minimum and gross) and revenue estimates for 1984, 1990, and 1995. Variations between scenarios exist in 1984 because of the differing estimates as to the 1984 undocumented immigrant population which affect the "hypothesized" portion of the outlays. Scenario C data correspond to the 1984 baseline.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Scenario A

Summary of Assumptions

Moderate economic growth

Moderate immigration rates, with immigrant population increasing from 13.45 million (5.7 percent of U.S. total) in 1984 to 17.85 million (6.9 percent) in 1995

Immigration legislation enacted (S.1200)

Scenario A constitutes our "moderate" projection. The outlay and revenue growth rates correspond to the baseline projection, as previously described, based on CBO's most recent estimates (February 1986). The out year inflation rate is assumed to be 4.1 percent per year, also based on CBO's projections.

The only specific event associated with this scenario is the implementation of S.1200 (Immigration Reform and Control Act of 1985). Key provisions of this bill from the point of view of this study are the amnesty for undocumented immigrants and their subsequent temporary exclusion from federal financial assistance benefits. We used CBO's estimate (565,000) of the number of undocumented aliens granted amnesty under this legislation. We also incorporated CBO's estimates of those costs associated with S.1200 which are pertinent to the immigrant population defined here.

Because this scenario assumes implementation of Senate bill S.1200, the population assumptions here, for undocumented immigrants, are those which CBO developed for its estimates of the potential costs associated with that bill. CBO used 1977 as its base year and estimated a relatively high baseline population (4.5 million) but a low growth rate (150,000 per year). In projecting to 1995, we continue this CBO estimate for the undocumented growth rate. For the documented population, we assume an annual influx of 420,000 (net of emigration) and an annual naturalization rate of 170,000, resulting in a yearly net increase of 250,000 documented immigrants.

Table I.2: Scenario A Budget Impacts

	Outlays		Revenues
	Minimum	Gross	
	(billions)		
1984	$ 5	$18	$19
1990	7	30	34
1995	10	45	54

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Scenario B

Summary of Assumptions

Moderate economic growth with worsened budget outlook

Relatively high immigration rates, with immigrant population increasing from 12.6 million (5.3 percent of U.S. total) in 1984 to 19.9 million (7.7 percent) in 1995

Immigration legislation enacted (H.R.3810)

Entitlements eligibility expanded as result of court decisions

Mass influx of refugees

Immigration status verification system installed

Scenario B may be categorized as our "high cost" scenario. The economic and budget outlook is worsened relative to the basic (February 1986) CBO estimates, as previously described, with the growth rate for revenues being decreased by 10 percent and that for outlays increased by 10 percent. The out year inflation rate is similarly increased by 10 percent, to 4.5 percent per year.

The population assumptions here, for both documented and undocumented immigrants, reflect the highest of 3 alternatives developed for the Office of Technology Assessment by Frank Bean et al., of the Population Research Center in Austin, Texas. For documented immigrants, the assumed influx is 500,000 in 1985, increasing by 2.5 percent per year until 1990, and 2 percent per year until 1995, when it drops to 1.5 percent per year. We again assume a constant annual naturalization rate of 170,000. For undocumented immigrants, Bean assumes as a baseline a net annual influx of 200,000 in 1980, increasing at the same percentage rate as for the documented.

Several influencing events are assumed for this scenario. A mass influx of refugees is hypothesized, around 1988, as a result of some political disturbance, the magnitude (200,000 refugees) exceeding that of the combined Cuban-Haitian crises. The House version of immigration reform, H.R.3810 (Immigration Control and Legalization Amendments Act of 1985), is assumed to be implemented. While the general provisions are similar to those of S.1200 (amnesty, exclusion from benefits), this is a more expensive bill than the Senate version because it makes more undocumented immigrants eligible for amnesty. CBO estimates that 1,355,000 people would receive amnesty under H.R.3810 provisions.15

15See note 14 on page 42.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Both Senate and House versions of the bill call for some type of status verification system to determine immigrant eligibility for employment, although no specifics are provided. CBO estimates that the system mentioned in S.1200 could cost more than $500 million per year, starting no earlier than 1991. In scenario B, we assume such a system is indeed in place by 1995, and we adopt the same CBO estimated costs to include in our total outlay estimates. We also incorporate preliminary (1985) CBO estimates of the cost of legalization under H.R.3810.

The final event incorporated in this scenario relates to a 1985 court decision, Berger v. Heckler, which effectively expanded the alien population eligible for some government benefits by including all those "Permanently Residing in the U.S. Under Color Of Law." This is already affecting SSI outlays and, according to agency officials, may also apply to AFDC and Medicaid. In scenario B, we assume this expansion of all three programs. (The other scenarios do not include any such expansion.)

Table I.3: Scenario B Budget Impacts

	Outlays		Revenues
	Minimum	Gross	
	----------(billions)----------		
1984	$ 5	$17	$19
1990	12	38	34
1995	16	64	54

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Scenario C

Summary of Assumptions

Moderate economic growth with improved budget outlook

Relatively low immigration rates, with immigrant population increasing from 12.4 million (5.2 percent of U.S. total) in 1984 to 16.3 million (6.3 percent) in 1995

No new immigration legislation enacted

Refugee Resettlement Program terminated

No crises abroad leading to influx of refugees

Scenario C is the "low cost" scenario. An improved economic outlook is employed, as previously described, with the growth in program outlays assumed to be 10 percent less than CBO projections and that for revenues 10 percent higher. The inflation rate is also assumed to be 10 percent lower (3.73 percent in the out years). Scenario C uses our conservative estimates of annual population growth rates: 250,000 decreasing to 132,000 per year for documented immigrants (net of emigration and naturalization) and 167,000 per year for undocumented immigrants.

No immigration reform legislation is assumed to be enacted in this scenario, nor does any sudden increase in refugee admissions occur. The only event included is the termination of the Refugee Resettlement Program, with a consequent reduction in immigrant-related federal outlays.

Table I.4: Scenario C Budget Impacts

	Outlays		Revenues
	Minimum	Gross	
	(billions)		
1984	$5	$17	$19
1990	7	26	38
1995	7	34	65

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

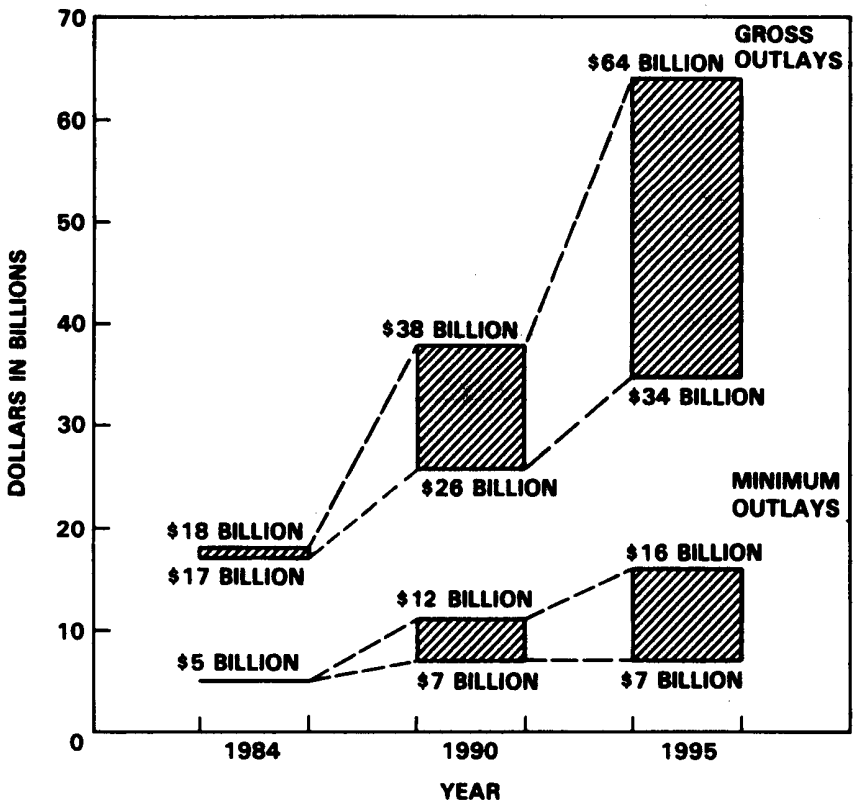
IMMIGRANT-RELATED OUTLAYS

In examining the growth of immigrant-related outlays over the time period of concern, we separately projected the "minimum" and "gross" estimates.

The minimum outlay estimate for 1984 (baseline) was approximately $5 billion. This was projected to yield 1990 and 1995 estimates for each scenario by adjusting for population changes, overall program outlay and revenue changes, and the impact of specific postulated events. The high and low estimates over all scenarios were then used to define a range of values for 1990 and for 1995. An essentially similar process was performed for gross outlays.

For both 1990 and 1995, all low values shown reflect scenario C assumptions, while all high values reflect scenario B assumptions. As noted previously, the degree of uncertainty increases with time.

Figure I.5: Potential Federal Immigrant-Related Outlays



Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

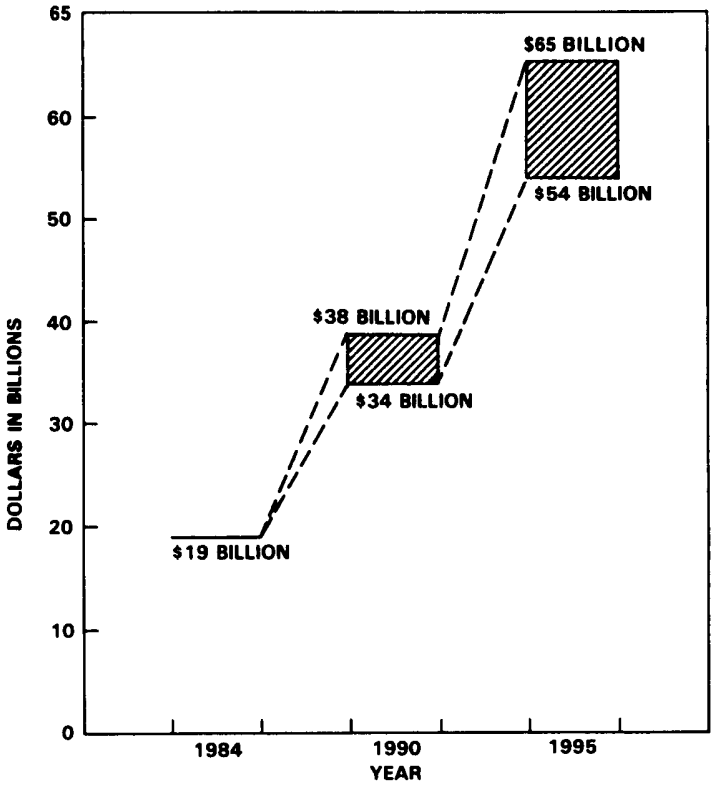
Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

IMMIGRANT-RELATED REVENUES

The projection procedure for revenues is the same as for minimum outlays, except that none of the specific events incorporated in the scenarios directly affect revenues. Thus, adjustments are needed only for the economy and for population changes.

Scenario B provides the low values. Scenario A values are approximately the same. Scenario C results in the high values in both 1990 and 1995.

Figure I.6: Potential Federal Immigrant-Related Revenues



Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

COMPARISON OF BASELINE YEAR WITH FUTURE YEARS

In examining the 1990 and 1995 estimates of both outlays and revenues, it should be noted that these values represent projections from the 1984 baseline which reflect only population growth, economic assumptions, and specific postulated external events. Given the findings of various researchers concerning the significance of ethnographic and demographic characteristics in determining social program participation, the uncertainty of these figures is likely to be sharply higher than for 1984. For example, we are presently in a phase of increasing immigration--a growing proportion of recent arrivals. Studies indicate that this is a period of high needs and low contributions. As immigrants' time in the United States increases, their economic profile (and thus their program participation rate) more closely approximates that of U.S. citizens.

Given these caveats, however, it still seems safe to assume continued increases in both outlays and revenues associated with immigrants over the time period of concern. Within the assumptions of the scenarios considered, and the programs examined, we believe there is also no reason for a significant shift in the relationship between outlays and revenues.

Table I.5: Comparative Outlays and Revenues

	1984 Baseline		1990		1995	
OUTLAYS	Min.	Gross	Min.	Gross	Min.	Gross
Total($B)	5	17	7[a]	38[b]	7[a]	64[b]
Per Imm.($)	400	1400	450[a]	2310[b]	450[a]	3240[b]
REVENUES						
Total($B)	19		34[a]	38[b]	54[a]	65[b]
Per Imm.($)	1500		2090[a]	2560[b]	2700[a]	4000[b]

[a]Lowest over all scenarios.
[b]Highest over all scenarios.

Provisions of the immigration bills currently pending (S.1200, H.R.3810) are not likely to change this overall relationship between outlays and revenues, at least within the bounds of the scenarios examined. Proposed legislation includes provisions aimed at reducing or eliminating the provision of benefits illegally to the undocumented. This would tend to reduce the sensitivity of our estimated outlays to uncertainties in population size.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

Scenario A assumptions were used as the basis for exploring potential impacts of the Balanced Budget and Emergency Deficit Control Act of 1985 (better known as "Gramm-Rudman-Hollings," after its major sponsors) on the estimates provided in this study. Only the 1990 data would be affected, since the intent of this legislation is to abolish the federal budget deficit by 1991.

The impact can be determined only in very approximate terms since the sequestrations[16] for a given year depend upon what has been achieved in prior years. The approach employed here was to assume a 1990 distribution of sequestration over budget functions proportionate to the "illustrative example" in CBO's February 1986 report The Economic and Budget Outlook: Fiscal Years 1987-1991. Both "minimum" and "gross" outlay estimates were then recalculated assuming proportional reduction of programs within those budget functions.

While some changes in immigrant-related estimates did result, they were too small to be reflected in the final figures (which are given in billions). This is to be expected in view of the specific programs which were included in the estimating process, those associated with the largest expenditures being partly or totally exempt from sequestration according to the provisions of Gramm-Rudman-Hollings.

16Under the terms of Gramm-Rudman-Hollings, unless the Congress succeeds in reducing the deficit below a preestablished limit before the start of the fiscal year, any excess deficit is to be removed by withdrawing budgetary resources.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

SECTION 4

IMPLICATIONS

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX I

- ***BUDGETARY IMPLICATIONS***
- ***METHODOLOGICAL IMPLICATIONS***

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

BUDGETARY IMPLICATIONS

We approached this project in a conservative manner, seeking the identification of minimum, though realistic, values which could be associated with immigrants in terms of federal outlays and revenues. There was also a recognition, from the beginning of the study, that available data were inadequate for the complete identification of related outlays and revenues.

Thus, we knew in advance that our total outlays would be lower than the (unobtainable) actual dollar amounts. The fact that, despite this constraint, the identified totals were in the tens of billions, in general, confirms that significant amounts of money are immigrant-related, in terms of both outlays and revenues, at the federal level. The actual dollar figures quoted should be regarded only as indicative, since they depend on assumptions which are not supported by conclusive evidence.

With regard to the projections, even more uncertainty is introduced by the assumptions underlying the three scenarios. However, these assumptions were generated to include a broad spectrum of future environments; in all cases examined, both outlays and revenues would increase at the federal level over the next 10 years. Considering the increasing uncertainty of the estimates, combined with their dependence on assumptions made (which did not incorporate drastic changes to the status quo), we believe they are inadequate to support government planning. The quality of statistical data cannot be expected to improve substantially in the immediate future. Consequently, we believe continued monitoring and repeated analysis are necessary to minimize uncertainty and improve the basis for decisionmaking.

At the state level, data inadequacies were even more pronounced than at the federal level. Variations between states and between programs also precluded making comparisons and drawing conclusions. Consequently, we felt there would be no value in attempting to make projections for states and programs based on the 1984 baseline.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

METHODOLOGICAL IMPLICATIONS

One of the criteria for selecting immigration as the pilot issue to be studied was the impression that data relating to immigrants were "fragmented, incomplete and imprecise." This impression was reinforced as the project proceeded. However, we also surmised initially that information might be of higher quality at state and local, rather than federal, levels because of closer contact with the immigrant population at the point of service delivery. However, this did not turn out to be the case. With the partial exception of refugees, population and profile data, such as they were, were available at national rather than local levels. Therefore, we relied heavily on Census data and estimates. The Census Bureau would be our first choice as a source of demographic information in future projects of this type.

A major source of information on the immigration issue was academic research, and we believe this would be true also for other crosscutting, emerging issues. The disadvantages here relate to differences in focus, quality, scope, approach, and sponsor, all of which influence the conclusions reached and even the availability/accessibility of study findings. However, because these studies are essential, in view of the general sparsity of information, we believe the best approach is to employ structured procedures for evaluation and integration of individual research projects to maximize their usefulness. This type of process is termed evaluation synthesis.

A major objective of this pilot effort was to examine the value of such a study given the known deficiencies. We believe we have identified both the limitations and the usefulness of this approach. Thus far, we have only minimal feedback to help us in making an assessment of utility. With this caveat, we feel that studies such as this should be undertaken in the future only with a clear understanding of their limitations. We believe that the information provided here will be useful to the Budget Process Task Force, and such information should also provide meaningful input to the Congress in debating immigration reform. Since we found that both outlays and revenues are significantly affected by immigration and that they may remain roughly in balance over the next 10 years, the committee may wish to monitor the key conditions and trends to assure itself that this balance is being sustained.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX II

STATE AND LOCAL CASE STUDIES

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

STATE AND LOCAL CASE STUDIES

INTRODUCTION

Background

In addition to collecting FY 1984 federal immigrant-related data for this review, we also gathered information on FY 1984 minimum outlays and revenues from five states we identified as most impacted by immigration--California, Florida, Illinois, New York, and Texas. We did not include these amounts in our projections because we found state and local data on immigrant population and immigrant-related outlays and revenues to be generally sparse and incomplete, and their availability varies greatly from state to state. However, the information we were able to obtain is illustrative of the situations in these states and may be useful to others planning further studies of immigration.

We initially attempted to compare these data across states and localities but found these comparisons misleading due to differences in population, programs selected, data completeness, and levels of support from the three government sectors: federal, state, and local. The differences we found from examining the data this way often reflected individual state policies rather than immigrant-related factors. Even federal programs are not always comparable across states. For example, Aid to Families with Dependent Children (AFDC) payment amounts and the federal share of benefits vary from state to state.

Accordingly, the results of this portion of our work are presented in a case-study format. Each state and the selected localities within that state are discussed separately.

Scope, Approach, and Methodology

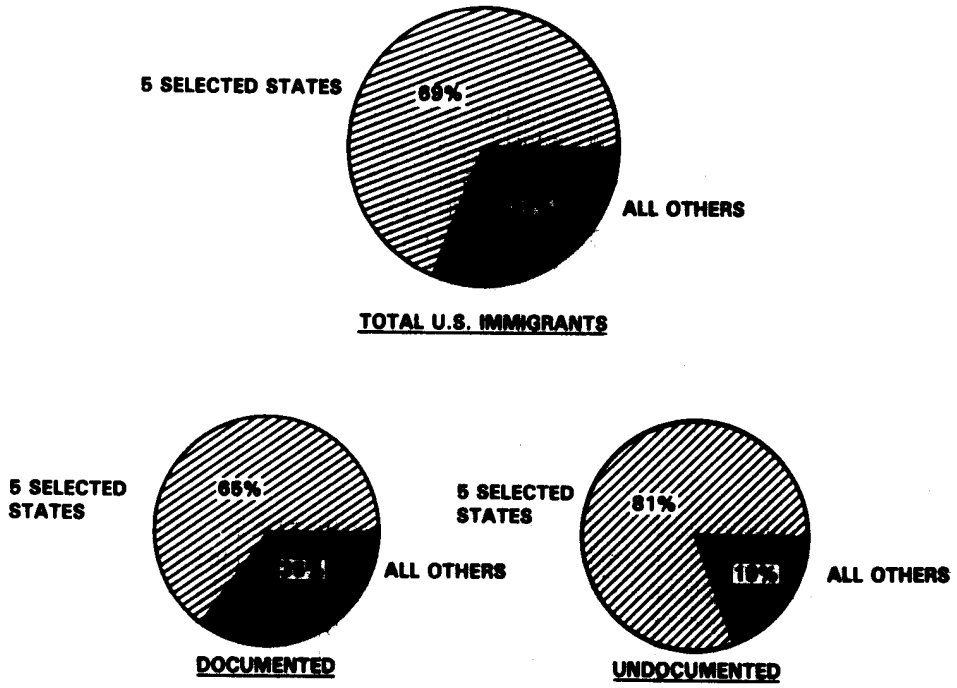
We selected the five states primarily because of their large immigrant populations. According to 1980 Census population data, these five ranked highest for both documented and undocumented immigrants. In 1980, their combined immigrant population accounted for about 70 percent of the total United States immigrant population. (See figure II.1 on page 58.)

In each state, we selected the most heavily impacted local jurisdictions and a unique set of outlay and revenue programs perceived as most costly or generating the most revenues. We based these selections on such factors as immigrant population, expert opinion from state and local agency officials, available literature, and data availability. We examined the same programs at both the state and local levels, with minor exceptions as noted.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Figure II.1: State Immigrant Population Relative to Total U.S.: 1980



Using FY 1984 as a baseline for both outlays and revenues, we obtained federal fiscal year (or most recent comparable year, such as state budget year) data. As was the case at the federal level, if no actual data were available, estimates were prepared either by state or local agencies involved or by us. Estimating techniques used depended on available data and included sampling and prorating. Although we tried to be as consistent as possible across the states in preparing estimates, the procedures and results depend on each individual situation. We also explored various methodologies for estimating costs and revenues using available data.

In general, we employed the following approaches to develop the major outlay and revenue estimates presented in the case studies.

Education (K-12)

For immigrant student population, we either estimated the number using Census or state data, or used available immigrant enrollment figures (Emergency Immigrant Education Assistance grant population, etc.) from state or local sources. We calculated the costs of educating these students by applying an average per-student dollar figure (obtained from state or local sources).

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Public Assistance

For public assistance programs, including cash and medical assistance, we generally used extrapolation and/or prorating to estimate immigrant-related outlays. For example, in California, to estimate state and Los Angeles County AFDC costs for other than refugees, we extrapolated the results of a state statistical sample of AFDC cases. The sample, based on one month's data, determined the percentage of noncitizens on AFDC. We assumed that this percentage stayed constant over the fiscal year and that benefits to all categories of recipients were similar, and we prorated AFDC expenditures for that year accordingly.

For New York State medical assistance, as another example, we used a state-provided participation rate estimate of 5.7 percent for foreign-born residents and adjusted it to reflect only the noncitizen component. We then applied this percentage to total FY 1984 medical assistance outlays to estimate immigrant-related costs. For New York City's share, we allocated a percentage (69.9 percent) of the estimated state outlays, based on our assumption of the distribution of the immigrant population in New York State.

Revenues

Using the statistical profile of the foreign-born population from the 1980 census and data from the 1980 Census of Population Detailed Population Characteristics for each state, we estimated the number, size, and median income of immigrant households in 1984. We used 1984 federal and state tax tables, as appropriate, to calculate total immigrant-related revenue estimates from each tax source.

Due to time constraints, none of the figures the agencies provided were verified beyond judging for reasonableness. The population data for 1984 presented for each state and selected localities are minimum estimates updated from 1980 Census data using information from Census, Immigration and Naturalization Service (INS), Office of Refugee Resettlement (ORR), and state and local sources, as appropriate and available.

General Observations

The situation concerning data availability, concern about the issue, and other factors such as federal support appear to vary from state to state. Each of the five states is unique.

Overall, the outlay areas identified as most impacted were education, health, and public assistance. Not all were identified as most impacted in every state, however. For

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

revenues, federal, state, and local taxes, state and local sales tax, and local property tax were identified by some or all states. Personal property taxes were not included in our final estimates, however, since no reliable estimating technique could be devised.

The dollars presented here represent minimum levels of outlays or revenues only. We were not able to identify all dollars for all immigrant groups for all locations. All figures are rounded.

As at the federal level, immigrant status is generally not tracked or is not readily accessible in agency financial records. One exception to this is refugee data for time-eligible refugees (those in this country less than 36 months). The amounts spent on refugees in this status are generally tracked and available because of federal requirements to report the information for reimbursement purposes.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

CALIFORNIA

Population

California is now absorbing more than one quarter of the legal immigrants to the United States. Since 1975, California has been host to approximately one third of the newly arriving refugees to this country. For the state as a whole, almost 60 percent of the recent immigrants have come without proper documentation. Recent immigrants have tended to settle in southern California, and in Los Angeles in particular. Almost half of all post-1970 immigrants, documented and undocumented, live in Los Angeles County; 68 percent live in southern California.

We selected Los Angeles County, Orange County, and San Diego County as the three most impacted localities. Using Census, INS, and state data, we estimated the immigrant population statewide and in the selected counties as of July 1, 1984, as follows:

Table II.1: California Immigrant Population

	Documented	Undocumented	Total	Percentage of total residents
California	2,027,000	1,368,000	3,395,000	13
LA County	828,000	794,000	1,622,000	21
Orange County	153,000	134,000	287,000	14
San Diego County	144,000	60,000	204,000	10

Outlays

In general, state and county officials agreed that the three program areas most impacted by immigrants were public assistance (Aid to Families with Dependent Children, Refugee Cash Assistance/Entrant Cash Assistance, and General Relief), Medi-Cal (California's Medicaid), and education (public schools, K-12).[1] Each program area relies on federal, state, and county support to a varying degree. Figure II.2 on page 62 summarizes the immigrant-related outlays identified for each program.

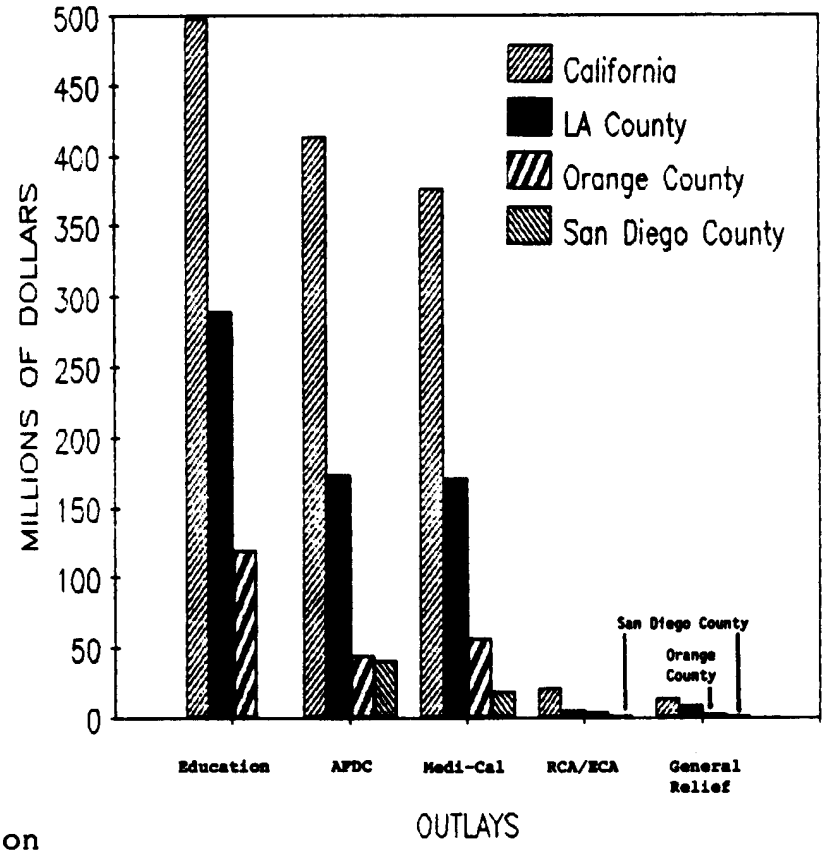
---

[1]In San Diego, county officials suggested criminal justice, rather than education, as a significantly impacted expenditure. Due to time constraints, we limited our review in San Diego to Public Cash Assistance and Medi-Cal.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Figure II.2: California Minimum Immigrant-Related FY 1984 Outlays by Program



Education

We estimated that about $500 million was spent in California for immigrant education (grades K-12) for school year 1983-84 ($30 million federal, $340 million state, $130 million local). This represents about 5 percent of education expenses for K-12 statewide and was based on an estimated immigrant student population of about 193,000.

Los Angeles County Public Schools spent about $290 million, or 8 percent of total county education expenses, on an estimated 96,000 immigrant students. $230 million of this was state funds. In Orange County $120 million, or about 11 percent of total county education expenses, was spent on an estimated 47,000 immigrant students ($6 million federal, $67 million state, and $47 million local). We did not estimate San Diego costs.

Aid to Families with Dependent Children

For state fiscal year 1984, our statewide estimate for immigrant AFDC expenditures was about $415 million, 12 percent of total AFDC costs in California.[2] We obtained actual expenditures

---

2Includes Family Group and Unemployed Parent programs only. AFDC in California also includes a Foster Care Program, whose costs are not included here.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

data, including administrative costs, for time-eligible refugees for all selected localities except Los Angeles County. We estimated the immigrant-related benefit and administrative costs for other than time-eligible refugees. Distribution of immigrant-related AFDC costs is as follows:

Table II.2: California Immigrant-Related AFDC Costs by County

	Total	Federal	State	Local
	----------(millions)----------			
LA County	$174	$92	$70	$12
Orange County	45	34	10	1
San Diego County	41	27	12	2

For federally eligible AFDC recipients (other than refugees) in California, the federal government pays 50 percent, California pays 45 percent, and the counties pay the remaining 5 percent of grant costs. However, for AFDC-eligible refugees in the United States less than 36 months, the federal government pays 100 percent of the grant. In addition, California provides AFDC benefits to several categories of recipients, including immigrants, who are not eligible for federal support. The grant and administrative costs associated with these recipients are paid entirely with state and county funds.

Medi-Cal

California's Medicaid program, Medi-Cal, makes publicly financed health care available to low income individuals. Benefits may be claimed through different eligibility processes including the Refugee/Entrant Medical Assistance program. For time-eligible refugees, benefits are 100 percent federally funded.

We estimate that California spent in state FY 1984 about $375 million statewide on Medi-Cal for immigrants ($220 million federal, $155 million state). At the county level, this includes $170 million for LA County ($90 million federal, $80 million state), $60 million for Orange County ($15 million federal, $45 million state),[3] and $20 million for San Diego County ($15 million federal, $5 million state). All outlays provided here for Medi-Cal reflect actual expenditures for refugees and entrants and estimated costs for other immigrants.

3Due to a "loophole" in the eligibility process that allows benefits to be paid while alien status is being verified, about $33 million of Orange County's expenditures was for undocumented immigrants.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Refugee Cash Assistance/ Entrant Cash Assistance

Refugees and entrants who do not meet the categorical requirements for AFDC or Supplemental Security Income/State Supplementary programs may be eligible for Refugee Cash Assistance (RCA) or Entrant Cash Assistance (ECA). Eligible persons may receive RCA/ECA for a maximum of 18 months after their arrival in the United States (refugees) or their date of release from INS (entrants).

About $24 million in benefit or aid costs for RCA/ECA was spent in FY 1984. This amount represents actual (federal) expenditures. An additional $14 million in administrative costs for the three counties was identified but is not included in figure II.2.

General Relief

General Relief (GR) programs are 100 percent funded (with one exception) and administered by the counties. Therefore, program requirements and benefits vary significantly among California's 58 counties. The federal government reimburses counties for GR benefits paid to refugees during their second 18 months of residence,[4] after which all such costs are 100 percent county-funded. The county bears administrative costs for time-eligible refugees. Figure II.2 depicts cost data for only the three counties we selected. Of the $15 million in costs, $13 million was county funds and the remainder federal.

We obtained actual state FY 1984 expenditures data for time-eligible refugees receiving benefits. In Orange County, we also obtained expenditures data for time-expired refugees, and in San Diego County for time-eligible entrants. Administrative costs, and outlays for all other immigrants, are prorated estimates.

Revenues

California state and local officials have not collected or developed data to identify immigrant revenue contributions. Consequently, we estimated revenues from federal and state income taxes and state sales tax statewide. We did not attempt to estimate immigrant contributions to property tax revenue since we did not have data relating to property ownership by immigrants. We estimate that immigrants living in California contributed about $1.8 billion in 1984, including federal income tax ($1.4 billion), California state income tax ($205 million), and state sales tax ($185 million).

4During the first 18 months, refugees are supported by other programs, such as the Refugee Cash Assistance program.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

FLORIDA

Population

In our review, we selected Dade County as the most heavily impacted local jurisdiction. Sixty-seven percent of the noncitizens counted in the 1980 Census reside in Dade County, and an estimated 90 percent of the entrants who entered Florida settled there. Using Census, INS, and ORR data, we estimated the 1984 immigrant population in Florida and Dade County as follows:

Table II.3: Florida Immigrant Population

	Documented	Undocumented	Total	Percentage of total residents
Florida	742,000	113,000	855,000	8
Dade County	451,000	50,000	501,000	29

Outlays

The program areas selected for review at the state level were education (public schools, K-12), AFDC, Medicaid, food stamps, and refugee and entrant cash and medical assistance. We limited our analysis to programs where we could identify outlays for refugees and entrants. Where data were available, we also estimated the expenditures for other groups of immigrants affecting these programs. However, because most of the data for both Florida and Dade County pertain only to refugees and entrants and do not include permanent resident aliens and undocumented immigrants, the total estimated expenditures understate the impact of immigration on each selected program area.

For Dade County, we selected the program areas of health care (specifically Jackson Memorial Hospital), criminal justice, and education as the most heavily impacted. Figure II.3 on page 66 depicts only statewide expenditures except for education and AFDC, which include amounts for Dade County.

Education

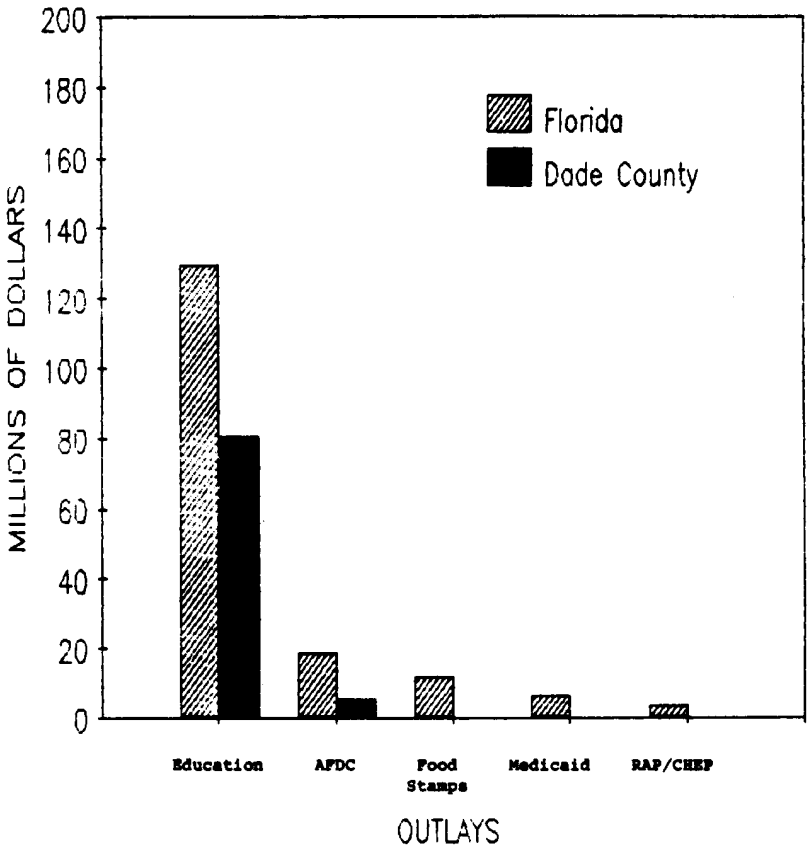
We estimated about $130 million in statewide expenditures for school year 1983-84 attributable to approximately 65,000 immigrant students in grades K-12 ($10 million federal, $70 million state, and $50 million local). Total expenses statewide for K-12 public education for all children were $2.7 billion.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Using the number of students registered at the Dade County Foreign Student Registration Center[5] (about 24,000), the Dade County Public Schools' budget officer estimated that school year 1983-84 expenditures for immigrant children in Dade County totaled about $80 million ($10 million federal, $40 million state, and $30 million local). Total Dade County public school expenditures for the school year were about $815 million.

Figure II.3: Florida Minimum Immigrant-Related FY 1984 Outlays by Program



Aid to Families with Dependent Children

Total immigrant-related AFDC costs for FY 1984 were estimated at about $20 million. FY 1984 costs for refugees and entrants transferred into the state program after their eligibility for benefits from the Refugee and Entrant Assistance Programs expired were $13 million ($8 million federal and $5 million state). The state does not maintain statistics on the number of permanent resident aliens receiving AFDC. The remainder of the amount shown, about $6 million, represents our

---

5Refugees, entrants, undocumented aliens, and permanent resident aliens born in Cuba must register at the Center. This total does not include non-Cuban-born permanent resident alien students, who register directly with the schools.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

estimate of the FY 1984 AFDC payments to permanent resident aliens in Dade County based on a small random sample of the Dade County October 1985 caseload. We could not project the results of this sample statewide. Total AFDC expenditures in the state were about $255 million.

Food Stamps

The Food Stamp program provides monthly benefits that help low-income households buy food. The amount of food stamps a household receives depends upon the number of eligible persons in the household and the household's available monthly income.

We estimated that, in Florida, FY 1984 food stamp payments to refugee households were about $12 million. Due to the absence of data, we did not try to estimate costs for the other segments of the immigrant population.

Medicaid

FY 1984 actual costs for payments to refugees and entrants transferred into the state program after their eligibility for refugee and entrant assistance programs expired and who were also AFDC recipients were about $7 million. We did not estimate costs for other immigrants.

Refugee and Entrant Assistance Programs

The Refugee Assistance Program (RAP) provides financial and/or medical assistance to adults and families who meet state eligibility criteria. Assistance is provided to all refugees, regardless of national origin. The Cuban-Haitian Entrant Program (CHEP) provides benefits similar to the RAP program. Benefits, however, are limited to those Cuban and Haitian immigrants granted entrant status or Cubans and Haitians admitted to the United States under any other special status. RAP/CHEP actual FY 1984 expenditures in Florida were about $4 million and represent 100 percent federal funds.

Dade County Programs

In addition to education and AFDC costs reflected in figure II.3, we identified additional immigrant-related dollars spent in Dade County in the areas of health care and criminal justice.

According to hospital records, Jackson Memorial Hospital incurred costs of about $15.5 million[6] during FY 1984 to provide services to Cuban-Haitian entrants ($14.7 million) and

---

6Includes costs for pediatric care to children born to refugees and entrants. These children are U.S. citizens, but we had no way to break out these outlays from the total.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Nicaraguans ($.8 million). Outlays for treating other documented and undocumented immigrants were not available. These were county outlays, apart from about $7.2 million of entrant costs reimbursed by the federal government.

Mariel Cuban entrants, about 6 percent of Dade County's total population, have financially impacted the county's criminal justice system. Officials estimated that it cost the county at least $4.5 million in operating and plant expenditures alone to incarcerate Mariel entrants during FY 1984.

Also, in calendar year 1984, Dade County spent a $2 million federal grant for entrant rehabilitation, including mental health, drug treatment, and police-community relations programs.

The county does not maintain separate criminal justice statistics for any other group of immigrants. However, the Director of Immigration Programs stated that Mariel entrants constitute the largest group of immigrant offenders.

Revenues

We were unable to obtain information on immigrant-generated revenue at either the state or local level. However, using 1980 Census data, we estimated 1984 immigrant-generated federal income tax revenues at about $745 million and state sales taxes at $55 million. Residents of Florida do not pay state or local income taxes. We did not attempt to estimate revenue from other sources such as property or motor vehicle taxes.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

ILLINOIS

Population

Of Illinois' 824,000 foreign-born residents in 1980, the Census Bureau estimates that approximately 50 percent were citizens. Most lived in the Chicago area. Using the 1980 Census as a base, we estimated the 1984 immigrant population as follows:

Table II.4: Illinois Immigrant Population

	Documented	Undocumented	Total	Percentage of total residents
Illinois	443,000[a]	179,000	622,000	5
Chicago	397,000[b]	168,000	565,000	8

[a]Including 18,000 refugees.
[b]Including 14,000 refugees.

Outlays

For the five expenditure areas reviewed at the state level, we estimate that baseline year outlays for immigrants represented about 3.5 percent of total expenditures, or about $355 million out of almost $10 billion. By far the largest expenditures were for education and public assistance. Overall, approximately 38 percent were state funds, 34 percent federal, and 28 percent local. Figure II.4 on page 70 summarizes the immigrant-related outlays identified for each program.

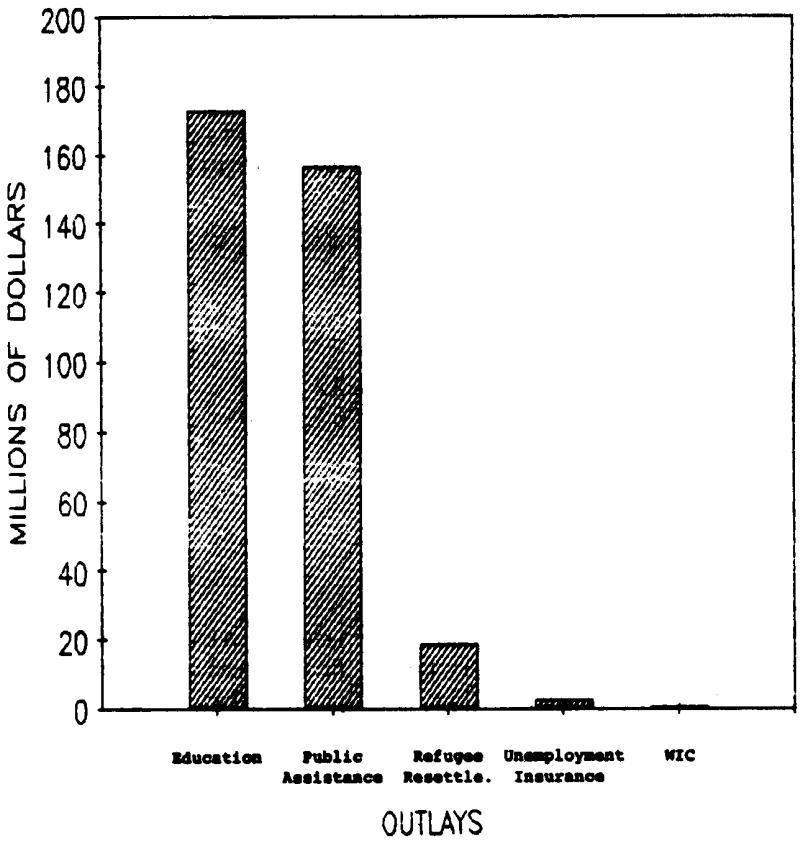
Education

We estimate approximately $175 million was spent in Illinois for immigrant education during the baseline year. There were approximately 43,000 immigrant children enrolled in Illinois public schools in the 1983-84 school year, at a cost of an estimated $168 million. Adult immigrant education for that period cost almost $5 million. (This compares to total costs for elementary, secondary, and adult education of more than $6 billion.) Local government provided more than 50 percent of these funds (about $100 million).

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Figure II.4: Illinois Minimum Immigrant-Related FY 1984 Outlays by Program



Public Assistance

The Illinois Department of Public Aid provides income assistance and medical assistance to the needy.[7] To be eligible for participation in these programs, applicants must be citizens or aliens who are either lawfully admitted for permanent residence or otherwise legally residing in the United States.

We estimate that annual public assistance costs for immigrants were about $155 million in the baseline year. Approximately $85 million of these outlays was federal, $70 million from the state, and less than half a million dollars (for general assistance) was provided by local government.[8] The largest of these outlays was for Medical Assistance ($70 million), followed by Aid to Families with Dependent Children ($50 million), General Assistance ($10 million), and Aid to the Aged, Blind, and Disabled (less than a million dollars). Additionally, we estimate that immigrants received almost

---

7The Illinois Refugee Resettlement Program is also administered by this department. Due to that program's specialized nature, we chose to discuss it separately.

8This was for the Chicago area only.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

$20 million in food stamps in fiscal year 1984. Administrative costs relating to food stamps were about $2 million.

Refugee Resettlement

We estimate approximately $19 million was spent on refugee resettlement in the baseline year, all federally funded. Programs included primarily refugee/entrant cash and medical assistance, social services, and targeted assistance.

Unemployment Insurance

We estimate that legal aliens received about $34 million in unemployment compensation benefits in fiscal year 1984. However, these payments were funded by employers--who make contributions to the state for this purpose--and, thus, have no direct budget impact. We also estimate that immigrants accounted for about $2.5 million of the Illinois Department of Employment Security's $155 million total administrative expenditures in state fiscal year 1984.

Public Health Programs

We estimate that the Illinois Department of Public Health's immigrant-related expenditures for the baseline year totaled about $2.5 million. Of this amount, about $1.3 million was for the Department's Supplemental Food Program for Women, Infants, and Children (WIC), which is federally funded. Approximately $1.2 million for Refugee Health Screening was included. Although the department administers this program, this outlay is included under the total shown for Refugee Resettlement Programs in figure II.4.

Revenues

We estimate that in 1984 immigrants paid a total of about $105 million in Illinois state income taxes and state and local sales taxes. Of this, the state received almost $60 million in income taxes and $30 million in sales taxes. Local governments received about $15 million in sales taxes.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

NEW YORK

Population

The 1980 Census estimated the foreign-born population of New York State as 2.4 million, of whom 43.5 percent were noncitizens. New York City accounted for approximately 70 percent of the foreign-born. Since Census did not break this population out by citizenship, the assumption was made that the same proportion applies as at the state level.[9] Using 1980 Census figures as a base, we have estimated immigrant population for 1984 as follows:

Table II.5: New York Immigrant Population

	Documented	Undocumented	Total	Percentage of total residents
NY State	813,000[a]	237,000	1,050,000	6
NY City	519,000[b]	214,000	733,000	10

[a]Including 34,000 refugees.
[b]Including 25,000 refugees.

Outlays

There was consensus between New York State and City officials that the three major program areas most impacted by immigration are education, medical assistance, and public assistance. All three program areas rely on federal, state, and local funding sources to a varying degree. All three programs are administered by local units of government under state supervision. Figure II.5 summarizes the immigrant-related outlays identified for each program.

Education

In New York State, education is provided to school-age residents by the local school districts under the supervision of the State Department of Education. Enrollment is open to all residents of a local district regardless of citizenship status, and no statistics are collected on the number of noncitizens attending public school in New York State. Consequently, we estimated that the public school immigrant population was about 74,000 for New York State, and about 52,000 for New York City.

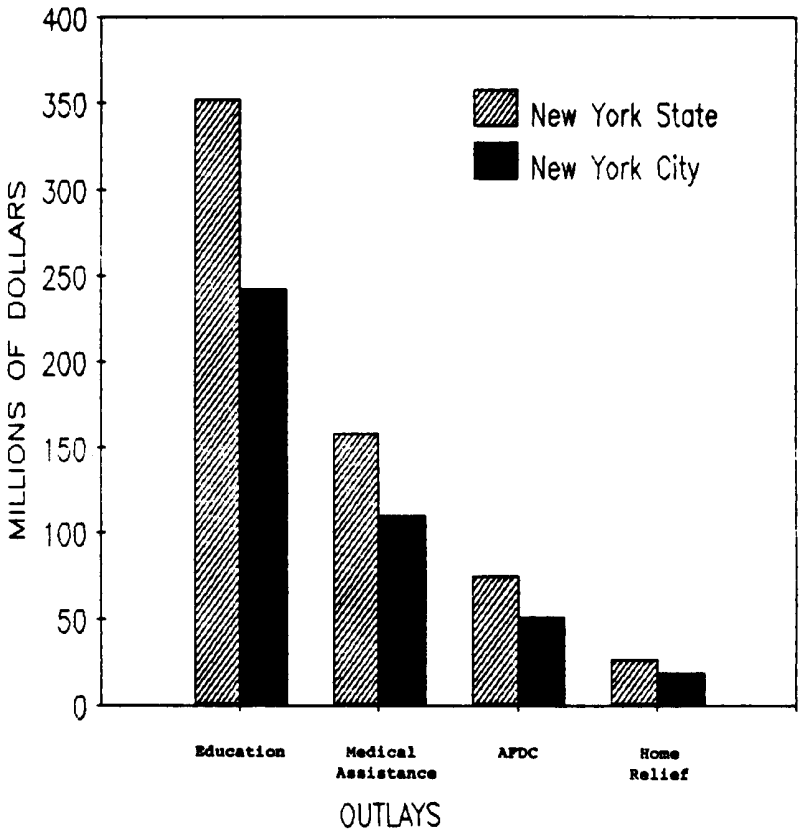
9It is more likely that the percentage of noncitizens is actually higher in New York City. Census found it to be 46.7 percent for the Standard Metropolitan Statistical Area, which includes New York City and parts of New Jersey.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

The total immigrant-related New York State cost for education, for the baseline year, was estimated as about $355 million, of which the bulk ($200 million) was local, $135 million was state, and only about $20 million was federal. For New York City, the comparable figure was $245 million ($140 million local, $85 million state, and $20 million federal).

Figure II.5: New York Minimum Immigrant-Related FY 1984 Outlays by Program



Medical Assistance

The major government-sponsored medical program in New York State includes the federal Medicaid program and the state equivalent program which provides coverage to those residents not federally eligible. These are, primarily, those who are eligible for Home Relief, the state's general public assistance program, as opposed to AFDC. Besides those on public assistance, individuals may be eligible for Medicaid only.

The total immigrant-related costs for New York State in the baseline year were about $160 million ($75 million federal, $50 million state, and $35 million local). For New York City, the figure was $110 million ($50 million federal, $35 million state, and $25 million local).

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Public Assistance

For this study, we analyzed two major public assistance programs in New York State. The first is the Aid to Families with Dependent Children program, which is funded by the federal (50 percent), state (25 percent), and local (25 percent) governments. The other is Home Relief, funded jointly and equally by state and local government. (However, the federal government reimburses outlays for some refugees.)

The estimated immigrant-related outlays in the baseline year for these programs were:

In New York State

AFDC: $75 million ($43 million federal, state and local $16 million each)

Home Relief: $27 million ($3 million federal, state and local $12 million each)

In New York City

AFDC: $52 million ($30 million federal, state and local $11 million each)

Home Relief: $19 million ($3 million federal, state and local $8 million each)

Revenues

In New York State, the principal revenue sources from individuals for the state are personal income tax and sales tax, while at the local level they are the property and sales tax. An exception would be New York City, which supplements property and sales taxes with a local income tax. Our analysis provides estimates for sales and income taxes, based on data from the 1980 census. However, no readily available data sources exist to develop an estimate of property taxes paid by immigrants.

Our estimated revenues from immigrants for the baseline year are as follows:

Table II.6: New York State Revenue Sources

	Income tax	Sales tax
	(millions)	
Federal	$ 940	$ 0
State	380	65
Local	95[a]	50[a]
Total	$1,415	$115

[a]New York City only.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

TEXAS

Population

Texas officials could not identify the immigrant population either statewide or by locality. Therefore, we estimated the 1984 immigrant population statewide using 1980 Census data and annual Census updates. We selected Bexar County (San Antonio), Cameron County (Brownsville), Dallas County, El Paso County, and Harris County (Houston) as the most impacted localities.

We did not estimate the population of these localities. Although we requested immigrant population statistics for all Texas counties from the Census Bureau, we received them too late to prepare estimates and include them in our analysis. Our estimated 1984 statewide immigrant population is 975,000 (686,000 documented and 289,000 undocumented), or about 6 percent of total residents.

Outlays

The programs identified as most impacted by immigrants were Education (K-12), Food Stamps, Refugee Resettlement, Maternal and Child Health Care, and Health Screening for Refugees. However, we considered the information insufficient for estimating food stamp or maternal and child health care program costs attributable to immigrants. As a result, we provide information only for the refugee programs, for which the state collects federal reimbursement data, and estimates of the cost of providing education to immigrant children. Figure II.6 on page 76 summarizes the immigrant-related outlays identified.

Education

An estimated $310 million was spent in Texas for immigrant education (grades K-12) for 1984 out of a total of about $4 billion. These expenditures were for the Minimum Foundation Program ($305 million), the basic education program for all public schools in Texas, and the Emergency Immigrant Education Assistance (EIEA) program ($4 million). The Minimum Foundation Program costs are based on an estimated 216,000 immigrant students[10] in the Texas public schools. These dollars are about 10 percent federal funds, 50 percent state, and 40 percent local. The EIEA program costs are actual expenditures and represent 100 percent federal funds.

10This is at the high end of our range but is most consistent with estimates developed for the other states.

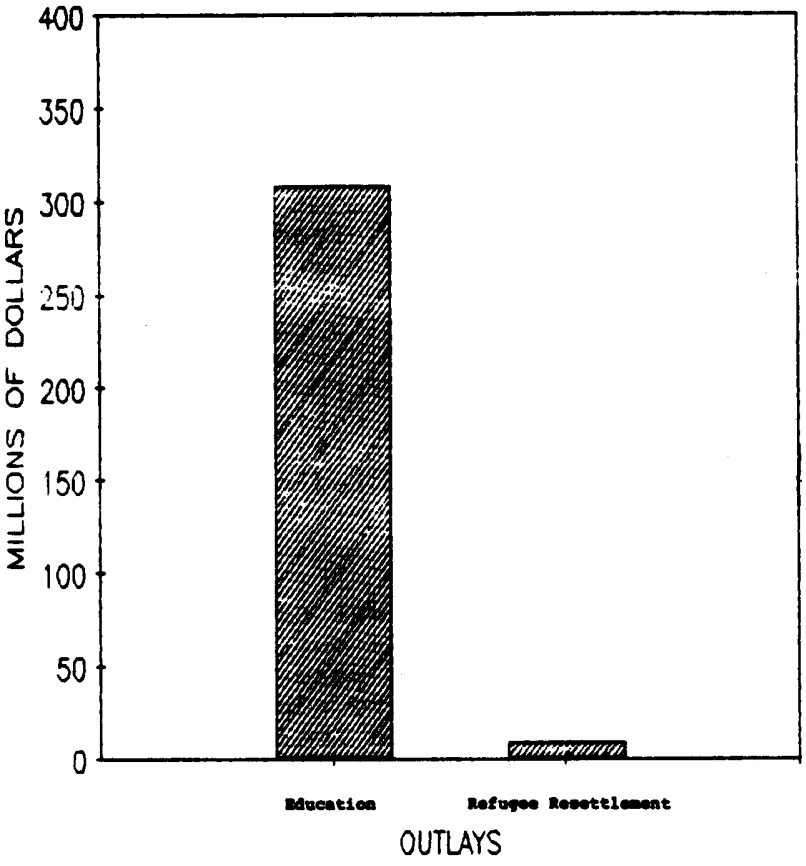
Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

We were not able to identify the statewide local costs of the Minimum Foundation Program attributable to immigrants because we did not have statistics on the number of immigrants (by age groups) in each local jurisdiction. However, for the 5 selected counties, EIEA outlays were as follows:

Bexar County	$ 159,000
Cameron County	584,000
Dallas County	177,000
El Paso County	660,000
Harris County	1,416,000

Figure II.6: Texas Minimum Immigrant-Related FY 1984 Outlays by Program



Refugee Resettlement Program

Approximately $9.4 million was spent statewide on this program in the baseline year, all federally funded. Data were not available by county.

Health Screening for Refugees Program

In FY 1984, about $260,000 was spent statewide on this program. This amount represents all federal funds. In figure II.6, the dollars for this program are included in the refugee resettlement dollars.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Revenues

Texas state and local officials have not collected or developed data to identify immigrant revenue contributions. We estimated state sales tax immigrant-related revenues of about $10 million. This was based on 1979 Census and IRS data and was not adjusted to 1984. Texas has no state income tax.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

APPENDIX III

APPENDIX III

GLOSSARY

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

GLOSSARY

The terms in this glossary are highly selective and include only some of the more commonly used expressions in the report. Most are based on definitions given in the 1983 Statistical Yearbook of the Immigration and Naturalization Service.

ADJUSTMENT TO IMMIGRANT STATUS - Procedure allowing certain aliens already in the United States to apply for immigrant status. Aliens admitted to the United States in a nonimmigrant or other category may have their status changed to that of lawful permanent resident if they are eligible to receive an immigrant visa as a permanent resident and an immigrant visa is immediately available. In such cases, the alien is counted as an immigrant as of the date of adjustment, even though the alien may have been in the United States for an extended period of time.

ALIEN - Any person not a citizen or a national of the United States.

ALIEN ADDRESS REPORT PROGRAM - A now-defunct annual registration program for aliens. Until Public Law 97-116 (act of December 29, 1981) eliminated the stipulation, all aliens in the United States were required to register with the Immigration and Naturalization Service each January. Nationality and state of residence data were compiled annually on the alien population reporting under the program. The last year for which data are available is 1980.

ASYLEE - An alien in the United States or at a port of entry unable or unwilling to return to his or her country of nationality, or to seek the protection of that country because of persecution or a well-founded fear of persecution. Persecution or the fear thereof may be based on the alien's race, religion, nationality, membership in a particular social group, or political opinion. For persons with no nationality, the country of nationality is considered to be the one in which the alien last habitually resided. Asylees are eligible to adjust to lawful permanent resident status after 1 year of continuous presence in the United States. These immigrants are exempt from the numerical limitation of 270,000. However, the Immigration and Naturalization Act stipulates that only 5,000 asylees can adjust per fiscal year.

COMMUTER - An undocumented alien whose stay in the United States is of extremely short duration, often measured in days or hours. Some may never live in the United States but rather cross illegally on a daily basis to work here.

CUBAN/HAITIAN ENTRANT - Status accorded: (1) Cubans who entered the United States illegally prior to June 19, 1980, and (2) Haitians who entered the country illegally before January 1, 1981.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

DOCUMENTED IMMIGRANT - An alien admitted to the United States as a permanent legal resident. INS refers to this category as "immigrants." They are those persons lawfully accorded the privilege of residing permanently in the United States. They may be issued immigrant visas by the Department of State overseas or adjusted to permanent resident status by INS in the United States.

EMIGRANT - A person who leaves one country to live in another country. Specifically, in this context, prior immigrants who subsequently leave the United States. According to INS, this is the largest category of emigrants.

ENTRANT - See Cuban-Haitian entrant.

ILLEGAL ALIEN - A commonly used synonym for undocumented immigrant.

IMMIGRANT - There is no uniformly accepted definition of "immigrant." For the purposes of this study, we define an immigrant as an individual who is not a United States citizen, who comes to the United States (or, once here, decides to remain) with the intention of making his/her home here permanently, or at least indefinitely. This definition thus includes refugees, asylees, permanent resident aliens, and undocumented aliens categorized as "settlers." It does not include foreign government officials or students, temporary business or pleasure visitors, international representatives, temporary workers, or the U.S.-born children of immigrants.

LEGAL ALIEN - Commonly used synonym for documented immigrant.

NATURALIZATION - The conferring, by any means, of citizenship upon a person after birth.

NONIMMIGRANT - An alien who seeks temporary entry to the United States for a specific purpose. The alien must have a permanent residence abroad and qualify for the nonimmigrant classification sought. Nonimmigrants include: foreign government officials, officials and employees of international organizations, visitors for business and pleasure, crewmen, students, trainees, and temporary workers of distinguished merit and ability or who perform services unavailable in the United States. Refugees are also considered nonimmigrants when initially admitted.

PAROLEE - An alien allowed to enter the United States under emergency conditions or when that alien's entry is determined to be in the public interest. Parole is temporary and does not constitute a formal admission to the United States. Persons paroled into the United States are required to leave when the conditions supporting their parole cease to exist.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

PERMANENT RESIDENT ALIEN - A person entering the country with an immigrant visa or adjusting to this status after having entered on a nonimmigrant visa or as a refugee or asylee and, thus, entitled to live and work in the United States.

PRUCOL - Acronym for "Permanent Resident Under Color Of Law." A refugee, parolee, or illegal immigrant whose deportation has been indefinitely deferred by the INS.

REFUGEE - Any person who is outside his or her country of nationality and who is unable or unwilling to return to that country because of persecution or a well-founded fear of persecution. Persecution or the fear thereof may be based on the alien's race, religion, nationality, membership in a particular social group, or political opinion. People with no nationality must be outside their country of last habitual residence to qualify as a refugee.

SETTLER - An undocumented immigrant who migrates with the intention of residing permanently in the United States.

SOJOURNER - An undocumented immigrant who intends to leave the United States after a relatively short stay.

TEMPORARY WORKER - An alien admitted to the United States for a short, specified period to meet temporary labor shortages or for such special purposes as musical or sports events.

TIME-ELIGIBLE REFUGEE - A refugee who has been in the United States for less than 36 months and, thus, qualifies for federal reimbursement to the state of residence for cash and medical assistance provided.

TIME-EXPIRED REFUGEE - A refugee who has been in the United States longer than 36 months and, thus, no longer qualifies for federal reimbursement to the state of residence for assistance provided.

UNDOCUMENTED IMMIGRANT - A person entering the United States without inspection by the INS or with fraudulent documentation, or entering legally but subsequently violating the visa terms.

(974809)

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Requests for copies of GAO reports should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are $2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5

United States
General Accounting Office
Washington, D.C. 20548

Official Business
Penalty for Private Use $300

Address Correction Requested

First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100

Approved For Release 2010/12/29 : CIA-RDP90B01390R000300380001-5